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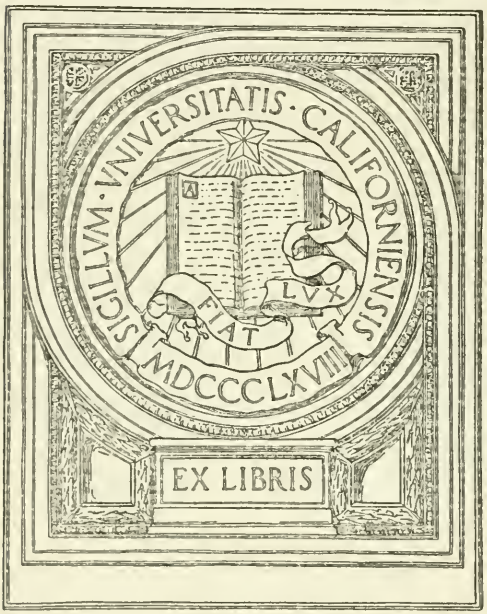

NATIONAL GUILDS AND THE STATE

BY THE SAME AUTHOR

NATIONAL GUILDS

AN ENQUIRY INTO THE WAGE-SYSTEM AND THE WAY OUT

Second Edition. 6s.

GUILD PRINCIPLES IN WAR AND PEACE

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NATIONAL GUILDS

AND

THE STATE

BY

S. G. HOBSON

NEW YORK
THE MACMILLAN COMPANY
LONDON
G. BELL AND SONS LTD.

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PREFACE

The theoretical discussion in Part I. of this book on the relations between producer and consumer and their joint relations with the State presupposes that my readers have some acquaintance with the principles and purposes of the National Guilds movement. The argument is largely the outcome of considerable controversy between Mr. Cole and me, in which we each laid different stresses upon the status of the consumer, and, in consequence, upon the structure of the State. Although I think I have in no way misrepresented Mr. Cole's views, nevertheless it was inevitable that the controversy, as it appears here, should be *ex parte*. I recommend those interested to read Mr. Cole's books so that they can the better appreciate the points at issue. Particularly I would draw attention to his preface to the third edition of *Self-Government in Industry*, in which, with characteristic intellectual honesty, he materially modifies his views upon the position of the consumer in relation to the State.

I have referred to the National Guilds movement. Is it a movement? There is certainly an organisation, known as the National Guilds League, with an executive committee and other officers, which publishes excellent pamphlets, organises conferences, holds meetings, has branches in various parts of the country, commands the loyal support of its members, and, in general, possesses the usual attributes of a living movement. Nevertheless, it is perhaps more correct to regard it as an influence rather than a movement. For this reason: unlike a

political association, which can hope to give effect to its principles by political action, National Guilds can never be realised save by economic action and by industrial associations. Primarily, it is the Trade Unions who must constitute the driving force. The National Guilds League, therefore, with the Guild writers, must content themselves with the development and dissemination of ideas. In that sense, it is an influence, a spirit, rather than a movement. For my part, I would not have it otherwise. Truth to tell, most of us, whose names are associated with National Guilds propaganda, are undeniably of middle-class origin. In the nature of the case we cannot ourselves smash the wage-system ; that supreme task rests with the organised proletariat. We can but place our views before the wage-earners for their acceptance. However strong our convictions, whatever the degrees of our hatred of wagery, ultimately it is the wage-earner himself who must strike his tent and march.

So far as it is conscious and articulate, the doctrine embodied in National Guilds has followed a course somewhat different from other subversive movements—the Socialist agitation, for example, with which National Guilds has an obvious affiliation, sometimes expressed in the term Guild Socialism. Socialism, to be sure, has been rich in intellectuals, who, in sum total, have profoundly affected the thought of the world; but, in the main, historically considered, it has been a working-class movement, an inspiration to millions of class-conscious workers, who at its touch have dreamed of redemption from the dreadful grind of industrial life. It is only in recent years that Socialism has politically drawn to its banners any considerable number of the academics and middle classes. Although the basis of National Guilds is wage-abolition—could there be a stronger appeal to the wage-earner?—yet from its inception, six or seven years ago, down to to-day, it is broadly true that the idea, rooted no doubt in industrial

reality, first found lodgment in academic and intellectual circles. The result is that the theory and literature of National Guilds bear little, if any, relation to the numerical strength of convinced Guildsmen. Intellectually, the doctrine has loomed large; numerically, we are, I fear, a feeble folk. University students have had to answer examination papers upon the economics of National Guilds; the vast majority of the workers have, as yet, heard but vaguely of the new evangel.

There are several reasons for this curious anomaly. The new movement has not yet developed a popular writer. No young Cobbett has come our way; no young dramatist has been seised of the idea; no young poet has captured rich raptures at our altar. They will arrive in good time; we have just begun. I think, however, we must look deeper for the true explanation.

If we examine the democratic movements of the past century, we shall see that, with the possible exception of Chartism, which partially embodied a philosophy of life, and whose influence, in consequence, persisted through two generations, they generally concentrated upon one single issue, which might be purely political or quasi-economic—the franchise, first for the artisan, next for the agricultural labourer, old age pensions, reform of the poor-law, land reform, the eight-hours day, and the like. None of these represented a new scheme of life or emanated from a new philosophy. Each might be incorporated in the law with no fundamental change in the social or industrial system. One might with truth affirm that each and all strengthened the existing order. The whole body of factory rules and regulations is to-day not a menace but a buttress of the large industry. It has brought automatic machinery in its train to speed up capitalist production; it has conferred the odour of respectability upon the manufacture of shoddy. But the moment a new doctrine touches the existing fabric, we are plunged into the complexities and subtleties of a civilisation that inherits

the past and is perplexed by the present. Each complexity must be met by patient examination, each subtlety brought to its true focus, a new psychology must confront each outworn tradition. All this spells detailed and exhausting work, intellectual candour, invincible faith. The consequence is that, be it never so sound, the new doctrine only "gets across the footlights" with the greatest difficulty. It generally happens, too, that the more spectacular aspects are the least important, and yet the first to strike the popular imagination. For example, the most obvious and attractive feature of National Guilds is their outward form and construction. This appeals to the practical instinct of the English people, who are drawn towards the concrete and the definite. It was, therefore, not surprising to find such organisations as the Whitley Councils almost universally described as experiments in, or steps towards, National Guilds. I have been repeatedly congratulated upon such a famous victory, and I doubt not that Mr. Cole, Mr. Reckitt, and other Guild writers have had the same experience. But the essence of the Guild idea is the abolition of the wage-system, with the consequent elimination of the master class. The new network of Industrial Councils, far from abolishing the wage-system or the master class, formalises, sanctions, and strengthens both the one and the other. The reason for this exasperating misunderstanding is that the Guild analysis of the wage-system is subtle and difficult to grasp, whilst its application to industry in all its Protean forms is matter rather for the student than "the man in the street."

Unless, therefore, my readers grasp the meaning of the wage-system, as analysed by all the Guild writers, they will not appreciate the fundamental argument of this book. It is extraordinarily difficult to keep men's minds on the dominant fact of modern industry that the wage relation poisons or distracts every social controversy. There is no solution of any social problem

to-day if it predicate the continuance of wagery. Yet wagery remains the permanent hypothesis of every conventional writer and thinker. I take almost at random two quotations from the current literature on my table. The first is from the weekly contribution of the distinguished writer in the *Nation* known as "Wayfarer." "We despise ideas and fail to see that an idea is upsetting the world, an idea which for many of us is old and discredited. What is the notion that sustains the revolt of Labour here and elsewhere? What but Marx's theory of surplus value? It is a stirring fallacy embedded in an unreadable book. Most of the economists have fallen upon it. I was brought up in the belief that the Fabian Society had analysed it out of existence. It is obviously untrue as a description of the workman to-day. He is not living on a wage of barest subsistence, the rest of the industrial product, which is rightly his, having been absorbed by the capitalist. On the contrary, the elasticity of the wage-system even under capitalism would have astonished the great Socialist thinker had he lived to witness it. Nevertheless, the magic formula, though dead, yet speaketh." [1]

My second quotation is from a Government advertisement in the daily press of October 4, 1919, the day I am writing. After tabulating the graded wage-rates, rejected by the railwaymen, a note is appended: "As the cost of living falls, the pound is worth more and real wages increase—that is your pound purchases more."

Now suppose we grant that the Fabian writers analysed the Marxian "fallacy" out of existence. It by no means follows that "surplus value" is dissolved in the process. Surplus value is a fact and not a theory. At the end of a great war out of which fabulous fortunes have been exacted, when the word "profiteer" stinks in our nostrils, what are these gigantic war-profits but surplus value? "Wayfarer" would perhaps argue that they are not surplus value because they are not

[1] The *Nation*, September 27, 1919.

derived from "barest subsistence." Here, no doubt, a verbal point can be scored against Marx, who wrote before Mr. John A. Hobson had elaborated the economy of high wages, and before he had witnessed the existing wage variations under the trusts and combines. Nevertheless, it remains as true now as in the days of Marx that wages are indubitably governed by the cost of subsistence. The old phrase was "bare subsistence." I do not insist upon the adjective. As an intellectual exercise, it could be maintained; it is not, however, essential to the argument. The real formula is subsistence necessary to the maintenance and development of a particular industry. There are several categories of social problems—decasualisation, physical deterioration, human wastage, housing, and the like—that hinge upon bare subsistence; the sustenance of the wage-earner at a level necessary to a skilled industry is an economic problem, pure and simple. It is the confusion between the social aspects of bare subsistence and the economic aspects of an industrially essential subsistence that has led to loose thinking upon the implications of surplus value. Put bluntly and inhumanly, it costs very little to train and maintain a scavenger; it costs perhaps ten times as much to train and maintain an engineer. But, in the end, from the standpoint of industrial power, what is the difference? I remember, in the days of my youth, a declaration by Mr. Frederic Harrison to the effect that only a fortnight stood between the workman and the workhouse. The fortnight may now be extended to a month. What if it be three months? Under the wage-contract, whereby the worker, of his necessity, forgoes any share in or control over the product, the result in every trade is inevitably the same. That is to say that an increased expenditure, by the medium of higher wages, upon improving the quality of the labour commodity, in no way invalidates the theory that wages are based upon subsistence. The "elasticity of the wage-system," upon which "Wayfarer" comments,

does not modify the inequity of the wage-contract. The wage-earner remains in servitude. It is the fashion of the harness that varies. Mr. Massingham suggests that there should be an attempt "to restate the elements of value and disinter the Fabian criticism of Marx." It is the main business of political economy to discover, define, explain, and restate the elements of value. It is to be hoped that the elements of value have many times been examined and restated since the days of Marx. But the controversy, in the sense indicated, is dead; it has merged into the great living issue of the extirpation of the wage-contract.

If "Wayfarer" harbours any doubts whether there is more than meets the eye in the theory of surplus value, the Government note, quoted above, should at least give him pause. For what precisely is meant by the assertion that "as the cost of living falls the pound is worth more and real wages increase"? We need not discuss the grave admission that our boasted stable currency is no longer stable, even though upon it an inviting chapter lies to my hand. My readers will indeed find something upon it in the text. The immediate point is that no sooner do you arrive at nominal wages than you must start again upon an enquiry into real wages. There always has been a certain divergence between nominal and real wages, but never so acute as to-day. Now I do not think it will be disputed that these fluctuations in currency value bear hardly upon labour and all small debtors. In any event, the wage-earner pays both ways. High prices, cheap pounds; high wages less than high prices; cheap pounds, reduced wages. As capital, through its docile instrument finance, controls the commodity currency, it is evident that, even if nominal wages apparently refute Marx, real wages are still based upon subsistence, and even bare subsistence. The capitalist not only controls production; he can bring labour back with a jerk to the subsistence level by the ingenious mechanism of currency

and prices. There is a tendency to blame the Banks for this. The banking organisation of this country is not a separate interest, a self-contained sovereignty. It is an integral, almost a subsidiary, part of the industrial and commercial system. It would be a profound blunder to make it the whipping-boy for its masters, the great industrial magnates and associations.

I have not wantonly dragged into this Preface the subjects of surplus value, bare subsistence, currency, and prices. They happen to be topical problems that throw light upon the wage-system. They are material to lend emphasis to the fundamental fact that every argument in this book strikes its roots into the subsoil of a system as universal as it is disastrous. It would be equally easy to trace its absurdities, anomalies, and biting ignominy in almost every paragraph of every periodical. So universal is it, so all-pervading, that we accept it as a permanent hypothesis, as the one inevitable condition, that only occasionally does some unconventional critic seriously enquire into its validity. Yet it eats into the vitals of industry: vitiates, where it does not caricature, our social and political life. It breeds discord and perpetuates inefficiency ; it divides mankind into hateful segregations—the "Two Nations" portrayed by Disraeli in *Sybil*. Naturally, in parental pride, I want National Guilds established; but the essential thing, the supreme task, is wage abolition, the restoration of the product to the producer.

Since this book was planned and written, there have been certain developments upon which I wish briefly to comment. In a living community such as ours we are confronted with a situation in which nearly all movement is dynamic, in which habits and customs are transitory, and whose social principles are by no means static. The ink is barely dry before new conditions arise and new tendencies are disclosed. Upon these ceaseless activities we found our hopes, but it lays an almost intolerable burden upon the writers and critics.

Why write a line if to-morrow our words are dead in the presence of the accomplished fact, the unexpected or the unforeseen? Nevertheless one is occasionally fortunate in hitting upon some underlying principle at once theoretically sound and achievable in practice. I think that the Guild writers may claim, without mock modesty, to have evolved a social and economic doctrine which derives strength and sanction from each new development. The analysis of the wage-system in *National Guilds*, published in serial form in 1912 and 1913 and in book form in 1914, still remains as true as when it was written; the main constructive idea, known as National Guilds, draws nearer and yet nearer to realisation. Have recent events changed or modified our views?

There has been one important adventure in theory, namely, Major Douglas and Mr. Orage's examination of price as a factor in economic revolution; the Labour Party, by a large majority, has declared for "Direct Action"; there has been a series of strikes, some of great magnitude and significance. On the horizon, too, has appeared a little cloud, no bigger than a man's hand: an intimation from the compositors to certain newspaper proprietors that there were limits to what they would print of unfair attacks upon their comrades on strike. In truth, the pace is swift.

Mr. Orage regards price as the active principle of distribution. The just price is one that "enables the producers to purchase the whole of their product or its equivalent—counting as producers the whole community." Price, he argues, must be below cost because overhead charges are reckoned in cost. But, since "consumption, as represented by the purchasing-power of wages, salaries, and dividends, is always less than production as measured in price," and since overhead charges tend to increase production and decrease purchasing capacity, it follows that price must be fixed at a point below cost at least equivalent to the cost of overhead charges. We

need not—certainly I do not—adopt this line of reasoning to understand that a social price may be imposed without regard to its economic cost. It is certainly significant that the two great Labour upheavals of 1919 were in the two industries affected by the demand for a social price as against the economic cost. The effect of the mining settlement has been to add several shillings per ton to the cost of coal. It is granted, however, that the miner, in equity, is entitled to all and more than he at present earns. In like manner, the railway settlement either forces the Government to run the railways at a great nominal loss, or, alternatively, to raise passenger and freight rates. Let us, then, suppose that our industry demands cheap coal and freightage. Hitherto, when faced with this necessity, we have adopted the simple expedient of depressing wages to barest subsistence. That is no longer possible. The Sankey Commission and the Railway Strike mark a definite turn of policy, which recognises that labour must not again pay in starvation wages ; that there must be no return to the 1914 standard. We therefore arrive at an *impasse*. Coal is a dominant factor in production. If its price rise beyond a given point, industry after industry may be disrupted. Freightage is a dominant factor in production. If its rates are raised beyond a certain maximum, production may be choked. In days gone by, the average man would have said that the life of the nation must not be endangered by selfish miners and railwaymen. To-day he recognises that the loss must fall elsewhere. Must then the community pay ? Are the manufacturers who obtain coal and freightage under cost to be quit of any *quid pro quo* ? If not the individual employer, then have we any claim upon the industry as a whole ?

In a world of profiteers one can vividly realise the mad rush, the " lobbies " and " pulls," to benefit by cheap coals and freight-rates at somebody else's expense. If, however, there is substance in the suggestion that

prices of "key" products must sooner or later be regulated by considerations other than economic cost, then the logic of the situation involves a change in the status of labour. You cannot contend that the social price of a given commodity may be divorced from ascertained cost (overhead charges included or excluded), unless you apply this principle first to the labour commodity. But if you put a price upon labour irrespective of its commodity value, you inevitably change its status; it ceases to be a fluctuating factor in cost and becomes a first charge upon production. Thus the economic necessity of averaging cost throughout an entire industry that price may ensure distribution, lifts labour out of its commodity valuation and so destroys the basis of the wage-system. It is generally admitted, I think, that, throughout their whole range, post-war prices are artificial, bearing little relation either to actual cost or to their social values. It seems certain that the function of price-fixing must in the near future rest upon a more definite and conscious authority than the mere higgling of the market. But no solution of the problem is possible until we have discovered new methods and principles of credit in its several phases.

The formal incorporation of "Direct Action" in the programme of the Labour Party is an event of unusual importance. The Labour Party acts only in a political capacity and presumably, therefore, its acceptance of this weapon is either *ultra vires* or a declaration that economic powers must be pressed into its service. It has no power to order a strike; that is the preserve of the Trade Unions. Why, then, does it advocate "Direct Action"? Is it a counsel of despair? More to the point, what is the Guildsman's attitude?

We may dismiss the idea of despair. A political party fully imbued with the belief that it will soon be the arbiter, if not the actual dispenser, of power is assuredly in no despairing mood. But we can readily understand that twenty years' experience of Parliamentary

life has taught the Labour members, as well as the rank and file, that under capitalism economic power dictates political policy. They may accordingly decide that two can play that game and call up their industrial reserves. It is in the nature of the case that the exercise of economic power in politics must be done more bluntly and unaffectedly by Labour than by Capital. The master-class is trained to government : knows how to apply its economic power subtly and with a sure touch : has long since elaborated a terminology that means one thing to the master and an innocuous thing to the masses. "Free-trade" was the master-stroke ; it still leads Labour captive. But, we may enquire, why should the purse rule the political roost when presumably the function of politics is to apply principles of public conduct ? What has the State to do with industry ? The answer is, of course, that in the past generation great economic responsibilities have been thrust upon Parliament, which at the present time concerns itself with industrial problems to the exclusion of its distinctively spiritual duties. If the political State is to undertake these economic functions, then it follows that the economic battle must be fought in Parliament and its administrative purlieus. It is futile to condemn Direct Action in politics, if politics is degraded from its high estate to an economic class struggle. We cannot have it both ways : either political life must revert to its true purpose or we must expect Labour to bring to bear its economic power, in ways it understands, by methods with which it is familiar. The fault does not lie with Labour ; it is inherent in the existing intermixture of prostituted politics with misapplied economics. The Railway Strike of 1919 illustrates the point. The men took a view of their industrial position not acceptable to the management, which happened to be the State. Wages are still wages, whether paid by the State or the private employer. To strike against the private employer is now recognised as all in the day's work.

But when the State chances to be the employer the strike is denounced as "an anarchist conspiracy," as treason, as an attack upon the community. Apparently it occurred to no one that it was the State and not the men which was in a false position. And so it is in regard to Direct Action. What is it that would unite Labour in Direct Action? Clearly something which binds it in functional unity. That normally can only be an industrial issue of prime importance. Should Direct Action be taken on a purely political question, then a state of affairs has arisen to justify a revolution.

One of the strongest reasons in favour of National Guilds is that all, or practically all, industrial functions are withdrawn from the State and distributed through the Guild organisation. Guildsmen, like other mortals, may and do take individual views of the State structure in relation to the Guilds, particularly how and in what circumstances a special duty is thrown upon the State to protect the consumer as such. In practice that may mean a greater or less remnant of industrial responsibility retained by the State—but a remnant none the less. In this way we undoubtedly purify politics, release from bondage the human judgment in public affairs, and cut away all grounds for Direct Action, which can only be justified when the State engages in industrial activities alien to its true *rôle*.

The threat of the compositors not to print certain opinions distasteful to trade-union sentiment had better be considered very seriously before it is accepted as a principle. *A la guerre comme à la guerre*; it was incidental to the railway strike. But the preservation of our right to speak, write, and publish what we do veritably believe is a cardinal matter. It is more precious to the community than any conceivable industrial organisation. The spirit must have the freedom of its wings.

S. G. H.

MANCHESTER,
December 1919.

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PART I

THE PRODUCER, THE CONSUMER AND THE STATE

I

PRODUCERS AND CONSUMERS

I cannot recollect seeing any examination of what appear to me the two main objections to the Guild theory. These are: (1) That the Guilds will be profiteering societies, armed with economic power, and having interests opposed both to the interests of other Guilds and to those of the non-producing members of the community—the old, the young, and the housekeeping women; (2) that the theory is based on the control of industry by the producers. That this principle has been widely tried (see Fabian Research Committee's publication on the matter), and for two main causes has regularly failed. These two causes are (*a*) that the workers develop a vested interest in the tools and processes to which they are accustomed and are unwilling to change; and (*b*) that when the manager is appointed by the workers he gets more interference than is compatible with management. The upshot of these two forces is relative inefficiency, which in due course has led to failure. I have heard the Secretary of the National Guilds League sing a pæan in praise of inefficiency. But in practice it must certainly mean longer hours or shorter holidays or a lower standard of comfort. Faced with this issue, it therefore seems to me that, providing—an all-important consideration—the well-being of the producers can be otherwise secured, the community is likely to select the rival principle, the control of industry by the consumers, in the shape of the State, the municipality, or the co-op. Very likely, however, there is some reply on this matter of which I am ignorant, and which other readers besides myself would be glad to hear.—Mr. A. K. Bulley, Letter to the Writer.

In the last chapter of your book, *Guild Principles in War and Peace*, you endorse Mr. Anderson's contention that the capitalist is the real protagonist of the consumer. But the National Guilds League always seems to argue that the State's

justification for representation upon the Guilds Congress is that it protects the consumer. You cannot both be right.—Mr. Godfrey Jackson, Letter to the Writer.

I. Producer and Non-Producer

Mr. Bulley assumes that the fundamental Guild theory is the control of industry by the producers, and upon that assumption he bases his argument. The underlying theory of Guild doctrine is the rejection of the commodity theory of labour. Mr. Bulley may reply that, even so, he is substantially right, because the refusal to treat labour as a commodity involves the control of industry by the producer. Before we can discuss that point it is imperative that we should reach an agreed definition of "producer." We are all of us apt to use the word loosely. We think of the producer as one who is exclusively engaged upon a productive process—coal-mining, iron and steel work from the ore to the finished article, textiles, and so on. I have never heard of a railwayman, or a carter, or a clerk, or a journalist described as a "producer." If Mr. Bulley has in mind the narrow meaning here indicated—producer as distinct from worker—then I can only reply that there is nothing in Guild theory to warrant the assumption that industry should be controlled by the "producer." If, however, he gives the word a wider connotation, meaning a man or woman for whose work there is a social demand, then it is difficult to follow his argument, for we are faced with a community of workers, including "housekeeping women," and the distinction between producers and consumers loses its significance. But I am not certain if Mr. Bulley does not accept the broad interpretation, for he seems to limit the non-producers to the old and young and the housewives. It is improbable that any body of economically emancipated workers, constituting, in fact, the whole nation, would for a single

day contemplate the social subjection of such as these. If it were so, no economic rearrangement would mend matters, for their political power would malignly assert itself in correlation with their economic power. Our attitude towards our families (for that is what it comes to) is fundamentally ethical and social, and not economic. Who, then, are the other non-producers? If there is none, then our problem is confined to a possible corporate struggle between the Guilds. If, however, Mr. Bulley postulates a body of workers who are nevertheless non-producers, and in consequence economic victims of the Guilds, then he has misconceived the economic effect of the rejection of the commodity theory.

As we are not now concerned with non-workers, whether investors or tramps, we may perhaps arrive at the distinction between producers and non-producers by defining the former as those for whose products there is an effective economic demand, and the latter for whose services there is a social demand. (Incidentally we may remark that if labour be really a commodity, the economic demand is primarily for the labour and not its product, whereas if it be essentially a living and human thing, the demand for it ceases to be economic and becomes social. Nor must we confuse commercial with economic demand. To admit commercial demand into our problem would be fatal to the theory of qualitative production, which must ultimately be a vital issue in Guild policy.) I am not prepared to define here economic and social demand—that in its turn depends upon our future appreciation of function—but broadly stated, economic demand may be restricted to wealth production and social demand to wealth distribution. Thus, all those who are engaged on the production of commodities (properly so-called), in every stage, from the raw material to the product finished and delivered, may be said to be producers. But there is a large army of workers whose services are demanded in social life—writers,

artists, preachers, actors, professional footballers, dog-fanciers, billiard-markers. There is a social demand for all these, not strictly economic, yet having an economic bearing. They may be all defined as "non-producers." I apprehend that Mr. Bulley fears that these non-producers' interests are "opposed" to the producers'; that whereas the former are not susceptible to Guild organisation, the latter are, and, in consequence, would have the non-producers at their mercy.

Even if it were so, the non-producers would be no worse off than they are to-day. One and all, their occupations may be described as appetitive; in their several ways and varying degrees they minister to the spiritual, intellectual, and carnal appetites. That is to say, they are primarily concerned with the expenditure of life-energy. As under the wage-system the proletarian has little, if any, surplus energy after the purchase of his labour commodity, the appetitive occupations are necessarily restricted in their scope or degraded by their subservience to the present possessing classes. But the object of economic emancipation being to release life-energy that we may live on a higher spiritual and intellectual plane, it follows that the demand for the appetitive services would increase to a degree not now realisable. The problem would then revolve round the several functional values of these appetitive occupations and not their remuneration.

A concrete case may help us. Let us assume a church whose congregation is almost entirely proletarian. The priest or pastor does not depend upon such a congregation for his stipend, which comes either from the one or two rich men in his congregation or from the church organisation, which finally depends upon the rich members of that particular religious connection. If, however, this proletarian congregation finds its economic power enormously increased by Guild organisation (secured by the labour monopoly) it no longer lives *or thinks* on the subsistence level, becomes

master in its own spiritual house, releases its priest or preacher from dependence upon rich men, and so unbinds the religious spirit now admittedly in bondage. The same liberating spirit would operate amongst authors, journalists, artists, and others. Not to idealise the picture, we may agree that the more carnal appetites would equally seek satisfaction. But we are not concerned with the ethical aspect ; the point now to be noted is that the non-producers, as defined here, would be of greater social consideration than is their case to-day.

It is inconceivable to me that increased social consideration should result in less remuneration or in greater relative economic weakness. The abolition of wagery would indeed be a delusion if it did not result in an intensification of life-energy, with a corresponding improvement in the status of all who minister to it. But these appetitive occupations hardly come into contact with the Guilds as such. They meet the demands of the Guildsmen purely in their personal and social relations. There is, however, yet another category of non-producers, namely, all those whose activities are covered by what will probably be known as the Civil Guilds—teachers, doctors, administrators, and the like. It will be more convenient to deal with these when we consider that part of Mr. Bulley's letter which refers to the State and the municipality.

II. Profiteering and Pay

If, as I hope, we have now got the non-producer into focus, the way is clear to explore the possibility of the Guilds degenerating into " profiteering societies." And, if the foregoing analysis be approximately correct, it follows that the profiteering must be by Guilds at the expense of Guilds. Mr. Bulley further assumes that the several Guilds will have " interests opposed to the other Guilds." If this be so, then our search

for economic harmony is a failure ; the Guild snark remains a boojum.

I am anxious to get at the substance of Mr. Bulley's letter, and that leads me to think twice what he really means by " profiteering." He doubtless knows that the word springs from Guild sources—the Editor of *The New Age*, in fact—and was meant to differentiate Guild from capitalist practice. We know that the capitalists (who grab a good thing when they see it) captured the word, and tortured it to their own purposes. Its original meaning was that in Guild philosophy production for profit is anti-social. I think it probable that Mr. Bulley has unthinkingly applied the word in its vulgar meaning, and that what he means is that the Guilds, having opposed interests, will apply their economic power to forward their own particular corporate interests. If I am right, then the inference is that Mr. Bulley visualises the Guilds as soulless industrial bodies, and reads into their methods the present spirit of capitalist production. In other words, he forgets that the Guilds *ex hypothesi* are the logical outcome of wage abolition.

Now what precisely is meant by that ?

Wage abolition means that the proletarians, by securing a monopoly of their labour, have determined that they will no longer sell it at a commodity valuation. The labour monopoly is obtained by the organisation of the Guilds. But profit is only possible by the power to buy labour as a commodity, and to sell the product at a surplus value. If, however, labour has already absorbed that surplus value, there remains no possible margin for profit. And this applies as much to the Guilds as to the capitalists—you cannot absorb your profits and still retain them. It therefore follows that when Mr. Bulley writes of " profiteering societies " (and assuming that he understands the fundamental argument), he really means the exaction by Guild economic power of higher pay relative to the weaker Guilds.

If this be all he means, he is forcing an open door. I do not doubt that, in the first instance, those Guilds dominated by the old craft unionists will secure advantages in pay—pay, not wages, please observe. But neither do I doubt that the tendency, observable even under wagery, of all pay to approximate will be irresistible. In this connection two comments may be made. "Skilled" wages to-day are not reached by purely economic valuation, but rather by their approach to labour monopoly through the unions. Secondly, we have as yet no criterion to indicate how a general labour monopoly will operate. But the elemental necessities of the war are disclosing some facts hitherto obscure, notably, the economic value of the labour of agriculturists, seamen, and transport workers. A new tradition in regard to pay is rapidly being created; its influence will be felt long after the war has ended. We may expect that it will expedite the movement towards a common standard of pay.

It is possible that Mr. Bulley has it in mind that the Guilds will only exchange their products after reserving a surplus value. To what end? Provision would properly be made for the next year's requirements in machinery, building, or what not, but this would be done, not by reserve funds, but by agreements and contracts with the producing Guilds concerned. To what end then? Since the Guilds are only the owners of their labour monopoly, their assets being vested in the State (or in the Guild Congress, if a certain school prevail), no motive is disclosed for exacting any surplus beyond a cost price agreed upon by the Guilds, and, if necessary, arbitrated by the Guild Congress. We must remember that these Guilds are public bodies, and not close corporations; that upon their governing bodies there would be representatives of the other Guilds, just as to-day interlocked public companies exchange directors.

Even if any Guild were so stupid as to play dog in

the manger there would remain some tolerably strong deterrents. First, we have the Guild Congress, whose authority in many directions would be absolute. It could, if necessary, order a boycott of the offending Guild ; it could make representations to the State as trustee, and in which is vested the charter. But we must predicate some common sense and some statesmanship. Men would not become the leaders of such gigantic organisations unless they possessed, if not statesmanship, at least tact, discretion, and knowledge.

Nor can I perceive any divergence of purpose, any "opposed" interests, between the Guilds. If I make cotton goods I want machinery, coal, buildings, labour. The existing "opposition" between me and the producers of these commodities (including labour) is that they want as much out of me as they can exact, whilst I want their commodities at bottom prices. But if the element of profit be eliminated, and I know that these commodities are at my disposal at cost price, in what other way are our interests opposed? The fundamental change envisaged in the Guilds is the withdrawal of labour as a commodity, its recognition as a function, and its consequent economic predominance.

It would seem then that Mr. Bulley's objections to Guild theory melt away under examination. We find that the non-producers, far from being prejudiced by Guild organisation, benefit by it both socially and materially. We find that, even if the non-producers should suffer, it would not be due to the Guilds as such, but to purely social causes. We fail to discover any economic discord between the Guilds and, in consequence, any sufficient motive for "profiteering," whether we interpret the word as profit-mongering or more generally as the selfish corporate exercise of economic power.

We have yet to consider the alleged inefficiency of producers, the "rival principle" of Collectivism, the function of the State generally and particularly whether

it can claim in any pertinent sense to represent the consumer.

III. Efficiency of the Producer

Before we come to the difficult question of the consumer there is the problem, cited by Mr. Bulley, of the alleged inefficiency of the producer. This he ascribes to a natural conservatism on the part of the craftsman and to a lack of discipline arising out of industrial democracy. A publication on the subject by the Fabian Research Committee is called in aid. Mr. Bulley seems to think that National Guildsmen positively welcome inefficiency, and quotes the secretary of the National Guilds League as "singing a pæan in praise of inefficiency." I do not know the circumstances, but, accepting Mr. Bulley's statement as correct, I surmise that Mr. Mellor was probably emphasising the fact that there are many elements in our problem of a much more sacred character than efficiency. It is a god before which many well-meaning people prostrate themselves. The priest in "John Bull's Other Island," we may remember, had something very pertinent and memorable to say about English efficiency. Those who lay most stress on it often forget that the present industrial system is extraordinarily inefficient. Why, for example, do the products of Oldham cost the consumers twice as much as they do the producer? Why have our industrial leaders permitted such an army of purely commercial vampires to fasten on production? Prior to the war, there were at least two million commercial employés who, under an efficient industrial régime, would have been set to productive work. If our employers have brought the exploitation of labour to a fine art, they have proved their incompetence beyond cavil by allowing themselves to be blackmailed by railways, middlemen, money-lenders, and harpies to an astonishing degree. It is no small part of the

Guildsman's case that modern industry has developed weaknesses and diseases that effectually put it out of court for any criticism on this score which it may make of democratic control. In any event, if it be a choice between industrial democracy and efficiency—an alternative I do not for a single instant admit—my unequivocal choice is for Democracy. We may admit that Democracy must painfully acquire, by errors, disappointments and treacheries, a knowledge of its business ; there is, nevertheless, no reason to doubt that it will, in due season, become the efficient master of its own affairs. Nor need it be too tedious a process, judging by the mentality of the average successful business man.

I dogmatically assert that, whatever their degree of democratic control, every previous experiment in proletarian production throws absolutely no light upon the present problem. No such experiment, however voluminously analysed, is required to prove that production, within the ambit of the wage-system, must prove a failure. Students may pile up the records to the utmost limit ; the Fabians and other quidnuncs may draw their bureaucratic or capitalistic deductions ; the most they can do is to prove, what we already knew, that wagery is not only nasty but cheap, not only degrading but inefficient. Nor does it help to be told that these proletarians share in the profits or win a wondrous bonus. It is altogether beside the point, which is that the sale of labour as a commodity—the wage-system—is a monstrous injustice, whether efficient or inefficient ; that all deductions drawn from it, as a guide to future Guilds, are misleading and mischievous. On that issue there can be neither parley nor compromise. Labour under the Guilds may commit blunders of the first magnitude : may flounder in industry as the Russian democracy is now floundering in politics : so be it ; nevertheless we are not matching the possibilities of future inefficiency with present oppression and robbery.

It is necessary always to stress this point. Mr. Bulley, it will be observed, bases his case upon purely utilitarian grounds. I do not shrink from the speculative comparison of methods ; but the significant omission in his letter of any reference to the fundamental principle of wage-abolition compels me to remind him that Guildsmen have reached their conclusion, not on the superficial question of efficiency, but on the deeper issue of economic justice and emancipation.

With this reservation, we may now briefly consider whether Guildsmen will be conservative in their methods or fall short in a discipline incompatible with good management.

What, we may ask, does Mr. Bulley mean by the workers developing " a vested interest in the tools and processes to which they are accustomed " ? This may be due to an innate conservatism, or it may be a natural objection to a new machine or process which may throw them upon the unemployed market, where they have leisure to worship that god of the economist—the priceless " mobility of labour." It is obvious that the second alternative is inapplicable, because, whatever the mechanical or scientific changes adopted by the Guilds, they would not be obstructed by any fear of unemployment. Once a Guildsman always a Guildsman —he is " on the strength " for life. It is conceivable, indeed probable, that a Guildsman would develop a pride in his own workmanship and methods—it is certainly our hope—but that very pride and tenacity would, in an intelligent man, ultimately yield to the more effective process. In my own business — that of ideas—I am reluctant to change ; but when I find the contrary argument irresistible (very seldom I am glad to say !), I yield and become a convert. In my experience of engineering shops, both in England and America, I have always found the worker keen on new tools and interested in new processes. Nearly always ; it is only when his living is threatened that the

obstruction begins. And, of course, under the Guilds there could be no " vested interest " ; such a thing would be unthinkable.

For the moment I leave the matter here. I must return to it later when I deal with a letter from a craft-unionist, who raises the question of qualitative production.

IV. Guild Discipline

The problem of industrial discipline, which looms up in Mr. Bulley's mind as interference with the management, is not so serious as it seems. But first let me draw attention to a curious inconsistency. Mr. Bulley pictures the Guilds as " profiteering societies," in an early sentence, but later he pictures them as slack in their methods, owing to indiscipline. It would seem that if the Guilds are to be profiteering in character and " armed with economic power," they cannot possibly afford to be slack and undisciplined. Mr. Bulley cannot have it both ways. The corporate impulse to acquire economic power necessarily involves an industrial discipline to secure the end in view. If this be so, then Mr. Bulley's first contention effectually destroys his second. Moreover, even if he be wrong in his first contention, he is still out of court in his second, for—right or wrong—he inferentially admits the power of the Guilds to impose a discipline designed to meet their industrial requirements. But we need not press the point unduly against Mr. Bulley—to demonstrate inconsistency is by no means to prove error—for it is a simple fact that men united in a single purpose, whether it be profiteering or quantitive or qualitative production, or revolution, or church policy, or cricket or football, can always impose the requisite discipline. They can impose it by a prevailing and acceptable spirit ; they can impose it by expulsion, or, in the last resort, by resource to the nearest lamp-post. All of which is implicit in a corporative society.

But it by no means follows that Guild discipline would be the same as, or similar to, capitalistic discipline. Let us devoutly hope not ! To-day, a workman who argues or disagrees with his foreman or manager is in constant danger of dismissal. I have known cases where the man was indubitably in the right of it, yet was dismissed on grounds of discipline —to encourage the others. Guildsmen, I doubt not, would be vastly more concerned with the intrinsic merits of the dispute than with the transitory dignity of the foreman or manager. Disputes of this kind have been largely instrumental in stimulating the demand for workshop control. Consciously or unconsciously, workmen are sensing the underlying truth that their labour is a human element and not an inanimate commodity. And if it be a human, sentient thing, then the workers, at their peril, even to interfering with the management, must see to it that it is put to the best available uses. The day of the compulsorily silent workman is dead. Whatever its value in the industrial struggle, his right is now established to boo a goose or damn a foreman.

V. Motive

Mr. Bulley may with reason retort that a motive to efficiency and discipline can be discovered in profiteering whilst it is not at present discoverable in Guild organisation. I agree that, unless there is a motive under the Guilds, they are liable to collapse. But, first, it is important to distinguish between efficiency and discipline. An inefficient manager may be a good disciplinarian and yet prove hopelessly incompetent in the higher reaches of his work : may, in fact, cloak his incompetence in a rigid discipline. The problem of motive relates to efficiency, and only indirectly to discipline. Efficient workers are naturally disciplined ; they hate disorder. But their sense of efficiency invariably compels them to seek out and remedy the causes

of discontent and disorder. In other words, discipline cometh not with observation ; it is the sequel to contentment born out of competence and harmony.

Good leadership provides a motive, and sensibly lets discipline take care of itself. The Fathers of the Church learnt that lesson a thousand years ago. The patriotic motive was invoked during the war to induce all citizens to produce war munitions. They responded by hundreds of thousands, their most powerful deterrent being the profiteers. There are, in fact, many motives other than profiteering to make men work. But I am assuming too much. What possible motive is there under Capitalism to stimulate either work or discipline ? So far as I know, only these : the immediate chance of selling one's labour, and so avoiding charity or starvation ; the remote chance of joining the capitalist class. Personally, I should say that neither is particularly enticing. But wage-abolition accomplished, the motive to produce spreads to the whole working population, instead of being confined, as it is to-day, to a small group of people, whose motive is not primarily production, but exploitation for profit. An obvious motive under the Guilds would be to retain and preserve that profit or surplus value to be absorbed into the life of the workers, instead of dissipated in the maintenance of a society of shearers and shorn. Statistically considered, this would represent an improvement of at least 100 per cent in the present standard of living. With such a prize in view, I am content to wait for a democratic industrial discipline that will show no mercy to shirkers and slackers. " Content " is not quite the word ; I am a little afraid of a harsh insistence upon purely material results.

The strictly economic consideration is to ensure that value passes enhanced or undiminished from the raw material to the moment of consumption, whether such consumption be for subsequent production or for the maintenance or amenity of life. Now, political economy

is fundamentally a search for value. Most economic works are theses *ad hoc*, the unconscious and sincere defences of existing interests, the appreciation of value largely conditioned by the medium in which they were written. Nothing has so confused the economists as the discords, evident and palpable, between the industrial, commercial, and consuming classes. Bastiat, we may remember, would have none of it. Yet any amateur economist, with the labour commodity theory exploded in his mind, can with the greatest ease tear to pieces the "Harmonies." I do not doubt that the liberation of labour from the commodity theory will open out vast untrodden tracts for the discovery of real value.

VI. Discords between Producer and Consumer

The next step is to inquire whether, under the Guilds, there would be that economic discord between producers and consumers predicated by Mr. Bulley when he demands "the control of industry by the consumers, in the shape of the State, the Municipality, or the Co-op." The inclusion of the Co-op. surprises me. Here is Mr. Bulley denouncing the Guilds as "profiteering societies," and in the next breath suggesting the Co-op. If the Co-op. be not a "profiteering society," what is it? Has Mr. Bulley never heard of the "divi."? What is the dividend if it isn't profit? In its intention, and at its best, Co-operation is merely an alleviation of the wage-payment. But I now discover that Mr. Bulley believes in the wage-system. "Faced with this issue, it therefore seems to me that, providing—an all-important consideration—the well-being of the producers can be otherwise secured." Otherwise! Mr. Bulley's "otherwise" is the continuation of wagery under Collectivism.

At this point also, the logic of the argument calls for the consideration of the issue raised by Mr. Jackson,

whether, in fact, the rôle of the State is to protect the consumer against the producer. It is of considerable importance, for upon its right solution depends the future relations between the State and the Guild Congress. I must devote my next chapter to it. To clear the way for what immediately follows, I will simply affirm my belief that the State, either now or under the Guilds, has no definite or formal connection with the consumer as such. Mr. Bulley states it as a dogma ; it is a delusion. We will discuss, then, in the next chapter, the alleged " opposition " between producer and consumer, and whether the consumer will seek protection through the appropriate Guild or look to the State.

I think I have now examined all the issues so tersely and clearly stated in Mr. Bulley's letter. He will hardly expect me to discuss wagery under the Bureaucracy when he knows that I object to it in principle. He will agree with me, I am sure, that wagery is wagery whether under State Socialism or private capitalism. Temporarily, at least, wage-conditions may be ameliorated by State Socialism—an improvement in degree but not in principle. But there is this deadly objection : State Socialism involves the secured continuance of rent and interest, and so the more firmly and legally rivets the chain that binds Labour to its commodity valuation. Mr. Bulley must choose between the Guilds with labour as a function, and State Socialism with labour as a commodity. But when Labour awakes to the falsity of the commodity theory, we may be sure that it will grasp economic power through its labour monopoly, and assume industrial partnership. Nor will the State be able, without Labour's consent, to compensate those who now exploit it through their control of the labour market.

Nevertheless, much will remain for State action. The Civil Guilds—the great spending corporations—will be essentially State institutions and representing

the State in the Guild Congress, in addition to its special representation as Trustee and nominal owner of the Guild assets. Perhaps Mr. Bulley was a little puzzled at my caution in approaching, first, the definition of non-producer, and, secondly, the definable difference between economic and social demand. There is no secret about it. I was preparing the way for a recognition of that Social demand, which is the basis of the Civil Guilds, of the Municipalities and of the State. But whatever rôle the State may play in the Guild Congress, or through the Civil Guilds, it will literally have no concern with the consumers considered as a special interest.

Addendum to Chapter I

I have received the following letter from Mr. J. H. Matthews. It bears with such force upon the points dealt with in this chapter that I cannot ignore it. I draw the readers' particular attention to the writer's remarks on stratification of control, to the sloth and ignorance of the technical administrators (thousands of similar instances have been brought to light by war-pressure), and to the Shylock methods of the Costs Department:

Your article in a recent number of *The New Age* has given me an impulse to write you. It is about your answer to Mr. Bulley *re* "the vested interests in tools and processes."

For more than a few years I was employed as a mechanic (shipwright) in Portsmouth Dockyard, and it may or may not interest you to know the attitude of the skilled workers of my own and allied trades when working for a State-managed concern which offered security of employment.

Ten years ago all light plate work—that is, the making of cupboards, lockers, bins, shelves, bed berths, cabin lining, rifle racks, ventilation trunks, was done entirely by hand. We went to the field where the plates lay stacked, selected a suitable size, marked it off, cut it out to shape with hammer and chisel, punched the holes with a hand punch, did the necessary flanging, and then riveted the whole thing again by hand.

To-day each of these operations, except the marking off, is done by machinery, awkward work, of course, being still done in some part by hand. Piecework prices, a fair measure of the increased efficiency, have been halved at least, with the earning capacity measured in wages somewhat heightened, and the physical strain very considerably lightened. This change has been welcomed. When the mechanic doing a particular job is allowed to put his work through the machine himself, there is almost an over-eagerness to use the machine and an endeavour to make it do impossible things.

Reversion to handwork only occurs when machines are glutted with work, in which case the pieceworker prefers slow progress to no progress.

Another case. The use of pneumatic machines for riveting and drilling is now general in shipwork. It now seems inconceivable that work was ever accomplished without them.

Here, again, the semi-skilled riveter and driller welcomed the machines, devised means of adapting them to difficult work, and used them, when first introduced, even when, owing to the mechanical crudity of the early machines, some physical discomfort was involved in their use. Periodically the men are driven to prefer hand work to machine work because a zealous officialism cuts machine piece-rates down to an impossible figure. My experience is that machines and new contrivances are welcomed. They are often scoffed at, but the scoffers cannot restrain their interest in the "new toy."

So far as my own industry is concerned, what I have written above is a true picture of the workers' attitude to machinery under conditions which offer fair security of employment, as is the case in Admiralty dockyards.

The people who restrict mechanical efficiency are the technical administrators, who are too lazy or ignorant to gain a sufficient knowledge of mechanical processes to enable them to provide a mechanical equipment co-ordinated in detail to the work which has to be turned out. Then, too, they will never maintain the machinery in first-class condition, nor provide for continuous adaptation to new demands. Then the costs department aims at extracting the last farthing of additional surplus value created by the use of the machine and to extort a few more by squeezing the worker's level of subsistence.

Of these three forces restricting mechanical efficiency the first is the result of control being stratified into grades, the second mainly due to the supposed economy of grossly overworking

two men as an alternative to employing three men and having the pressure of work occasionally below the normal, and the third is an old friend which needs no diagnosis from me.

If I have bored you, please forgive me; if the above information is of any value, please take it as a modest offering to the cause of National Guilds.

II

THE CONSUMER

But, as usual, these developments have emptied the baby out with the bath, and imagined that the community can be superseded altogether by the Guilds, and Mr. Everybody the consumer by Mr. Somebody the producer.—Mr. Bernard Shaw.

Is it not evident, therefore, that "rent" or prices will be fixed by the same authority? A joint Congress, equally representative of the State, or the consumers, and the Guild Congress, or the producers, is the body suggested for this office.—Mr. G. D. H. Cole.

I. The Relation of Consumer to Producer

Mr. Bulley visualises the State as the natural protector of the consumer. I suspect that he has been influenced by three reports of the Fabian Research Department, the first on "Co-operative Production and Profit Sharing," the second on "The Co-operative Movement," the third on "State and Municipal Enterprise." The argument underlying these reports is mainly this: that Associations of Producers have failed, in part due to lack of discipline, and in part to lack of capital. The conclusion reached, with certain large reservations, is that, as an alternative to Capitalism, we must look to a Co-operative movement of consumers, rather than to any association of producers. "So far," we are told, "as the control of industry is concerned, experience proves the Co-operative Movement of Associations of Consumers to afford, so far

as it goes, no less in manufacturing than in wholesale and retail trading, a genuine and practical alternative to the Capitalist system." The logic of the argument inevitably leads to the control of the producer by the consumer. Mr. Cole, a distinguished member, both of the Labour Research Department, and of the National Guilds League, aims at a balance of power between producer and consumer, objecting as much to the dominance of the one as the other. Whilst the Collectivist sees in the modern State the machinery for securing control of production by the consumer, Mr. Cole looks to Guild organisation to redress the balance. But he agrees with the Collectivist that the State truly represents the consumer. I do not think it will be difficult to show that the Guilds represent both producers and consumers ; that the basis of Guild organisation is the control of every economic process, productive and consumptive—its supreme *raison d'être*, in fact ; that the State has quite other functions and purposes.

On an issue so vital, involving *ex hypothesi* a bicameral government, it is remarkable that no attempt has been made to define consumption or delimit the rôle of the consumer. Mr. Cole is conscious of this grave omission. In his last book, which every student of these problems ought promptly to procure,[1] he draws some distinctions : " The municipal council represents the individuals who inhabit the city as ' users ' or ' enjoyers ' in common, and is qualified to legislate on matters of ' use ' or ' enjoyment.' " But a few paragraphs later, he assigns the generic term of consumer to users and enjoyers : " The State, on the other hand, we have decided to regard as an association of ' users ' or ' enjoyers,' of ' consumers ' in the common phrase." It would, therefore, seem that the term " consumer " covers both effective demand and ordinary citizenship. To do this, however, is to rob the word of any specific meaning.

[1] *Self-Government in Industry*. By G. D. H. Cole. (London : Bell. 5s.)

If I walk in the public park, maintained out of the rates, I am, presumably, an "enjoyer"; but it is difficult to see what community of interest I have on that account with my neighbour who buys a bottle of whiskey. If he should have a grievance against his spirit merchant, he can hardly approach me to help him to remove it, on the score that we are both consumers, he of whiskey and I of the public park. I may detest his whiskey-drinking propensities: may desire the price of whiskey to be doubled, or the stuff prohibited altogether. In this regard, my neighbour and I have nothing in common; it is, therefore, impossible to consider myself as belonging to an "association," namely, the State, which can by any stretch of imagination be deemed to represent us. But my neighbour may smoke my brand of tobacco, and we may jointly desire to rectify our relations with the tobacconist. Our community of interest is not that I am a municipal enjoyer, and he a tobacco consumer; we fight on the issue that we both are more or less devotees of tobacco. But there is a large army of non-smokers—probably the majority of the community—whose attitude to tobacco may be similar to mine to whiskey. The State can only act on grounds of public policy, which would obviously embrace both producer and consumer. It cannot make flesh of one and fowl of the other. Some mode of redress, other than State intervention, must therefore be found. We have heard of sand in the machinery; the proposal to make the State the protagonist of the consumer, thus generically considered, as against the producer, is to choke the whole machine with sand, not in grains but by the ton.

We must seek a more precise definition of consumer.

II. Definition of Consumer

It may be true, but in a sense so broad as to lose any definite significance, that I am a consumer when I walk through the public park, visit the Art Gallery, or

resort to any municipal convenience. Labour has gone into the construction of these utilities, and has been paid for by moneys out of the National Exchequer or the rates. But it is surely evident that all these activities are in a different category from the ordinary production and consumption of commodities. It is, in fact, a category of public policy, aiming to raise my status, not as a producer or consumer, but as a citizen. No question here arises between producer and consumer, even though, incidentally, producers are employed. In the pursuit of this policy, the State or Municipality, neither in intention nor fact, acts as representative of the consumers as such. It is fulfilling its real function, the enhancement of citizenship. Unless, therefore, the term " citizen " is to be stripped of its spiritual connotation, and so blunted down as to be interchangeable with the word " consumer," we shall find ourselves in a morass of fatal misunderstanding, not only in regard to the particular problem now confronting us, but the larger issue as to what constitutes the State.

We shall, I think, find it more accurate, and certainly more convenient, to define the consumer as one who in his functional capacity makes an effective demand upon the producer. My whiskey-drinking neighbour makes an effective (though not necessarily an economic) claim upon the publican, my tobacco-smoking neighbour plays the same rôle in regard to the tobacconist, our several wives descend upon the grocers, drapers, milliners, chemists, with their varying demands to purchase commodities for their market values—subsequently, under the Guilds, for their equivalent values. Subject to an important reservation, about to be discussed, all these belong to the class of final consumers.

Equally germane to our inquiry is the class of intermediate consumers—those who consume to produce again. The coal now burning in my grate, I bought as a final consumer. But the vast bulk of coal brought to the surface is bought by intermediate consumers for

purposes of manufacture. Although we both make an effective demand upon the colliery, we are not in the same category of consumers, nor are our interests identical—a disagreeable fact now acutely realised in Berlin.[1] We may remember that the same distinction was grasped both by Free Traders and Tariff Reformers in those distant days before the war. As I am not writing an economic treatise, let me reduce the issue to Guild terms. It is evident that a manufacturing Guild, making effective demand upon the Miners' Guild, would know how to arrange matters, probably appealing to the Guild Congress as arbitrator in case of dispute. I assume that neither Mr. Shaw nor Mr. Cole would regard the State as in any sense the representative of the manufacturing Guilds against the Miners. I imagine that if it intervened, it would meet with a chilly reception from both parties to the suit. Yet, any decision reached by the Guild Congress might affect me as a final consumer. But under Guild organisation, I must have obtained my coal from some Guild, either direct from the Miners, by arrangement with the Transit Guild, or through a definitely organised Distributive Guild. This latter seems to be the solution, and the practical question arises whether the Co-operative Movement can be organised and adapted to that end.

If my definition of consumer be accurate, it would logically follow that the contentious issues between producers and consumers as such (and apart from public policy, when other social factors enter) would range round price, quality, and variety. Negotiations on such points could best be decided between the Distributive Guild and the manufacturing Guilds concerned. In this connection, I will add that the producer must be master of his craft, subject only to the formulation of certain fundamental principles vaguely adumbrated in the law of restraint of trade.

In the event of an insoluble dispute between the

[1] November 1917.

Guilds, when the Guild Congress has exhausted all its resources, certain speculative questions must be asked. What would be the *locus standi* of the judiciary? Where, ultimately, would the sovereign authority reside?

III. Capitalism and Consumption

We now see that there are consumers and consumers, constituting no definite class as such, having few, if any, interests in common, integrated neither vertically nor horizontally. A concourse of unrelated atoms—a slender foundation upon which to build a social theory. I know of no social or economic issue which would differentiate producers, as such, from consumers, as such —not even remotely. The posing of the problem as between the State, representing the consumers, and the Guilds, representing the producers, is the sequel to the misapplied activities of the Fabian Research Department, who spent enviable skill and ingenuity on a laborious investigation—and forgot to define their terms. The unhappy result is that they have confused the citizen with the consumer, rendering their meaning unintelligible and robbing the citizen of his spiritual heritage.

Vital to our inquiry is the right solution to the question whether, having regard to the commodity theory of labour, the wage-earners' consumption is to be classed as final or intermediate. Is the consumption necessary to maintain the labour commodity on all fours with the consumption of the millionaire? Does it differ only in degree or in substance? Is there any economic distinction between the consumptive demand of the active and passive citizen?

Mr. W. Anderson, in one of the most closely knit arguments yet produced by the Guild school of thought,[1] has, I think, proved beyond reasonable doubt that, under the present system, the capitalist is the actual protagonist of the consumer, so far as it is possible to define it.

[1] *Some Class Idealogies.* W. Anderson. (*The New Age*, February 22, 1917.)

Indeed, it must be so : for the ultimate purpose of exploitation is to consume far in excess of the individual production. That is why capitalists and employers say that they are not in business for their health ; that whatever they may choose to be in private they are not philanthropists in the counting-house ; that business is business ; and all the other commercial maxims that so mercilessly uncover their morality. But the foundation of all exploitation is to control the labour commodity, together with the raw material, by the ordinary market mechanism linked up with supply and demand. We now know that the upkeep of the labour commodity is precisely measured by the cost of sustenance, known as wages. The conclusion is irresistible : wages being the amount consumed on the maintenance of labour, which goes into production, is an intermediate form of consumption, none the less so because the wage-earner himself makes the demand on the distributor. If I give a man money to buy a suit of clothes, it is I who originate the effective demand on the clothier. The two transactions are analogous.

The distinction between capitalist and proletarian consumption is clearly, if unconsciously, brought out in the Report of the Commissioners into Industrial Unrest in the Yorkshire Area. " It became unnecessary to ask each witness to state in detail many of their points, it being found that in every case, from every district and class, the primary causes were asserted as being relative to the common domestic difficulties and actual privations following upon the high price of food and the necessary commodities of life with, in many cases, the utter inadequacy of wages, even though higher than the pre-war rates, *to secure the bare essentials for living at a much lower standard of comfort than was considered essential in their homes before the war.*" Here we have the sustenance theory in all its ugliness. Mr. Mallon, one of the Commissioners, and himself an elected member of the Fabian Research Department, makes a proposal, not

endorsed by his colleagues. It is in such rich contrast with the sustenance theory that it deserves record. "To satisfy the feeling prevalent among the wage-earning classes for more drastic demands on the rich, which is usually expressed by the phrase 'conscription of wealth,' the income-tax should be carefully reviewed and substantially increased *as regards those incomes which are capable of curtailment without any real loss to the amenities of life.*" [1]

To the one, sustenance ; to the other, amenity.

I invite the Fabian Research Department to reconcile the fundamental differences between these two classes of consumers. How can the State represent both ? How can it remedy the injustice of the one client without damnifying the other ? The State cannot do it ; it is an economic problem for the Guilds.

Nevertheless, after wage-abolition, we must provide, *inside the Guild organisation*, for effectual contact between the Guilds and the final consumer.

IV. Final Consumption

The fact that the maintenance of labour by wages is a productive process, falling into the category of intermediate consumption (based on the assumption that labour eats to work and only incidentally to live), is peculiarly important in that it leaves final consumption to the possessing classes, who control production to their own consumptive purposes. Postulating the continuance of wagery, it follows that to constitute the State the representative of the consumers is to make it the representative of the capitalists. Mr. Cole does not mean this, because he rejects wagery and visualises the consumer as he may be after wage-abolition. But when Mr. Shaw writes of "Mr. Everybody the consumer," he fails to grasp the real meaning of the wage-relation, and his criticism of Guild theory in consequence misses the

[1] Cd. 8664. Price 1s. net.

mark. I have elsewhere described the possessing and wage-earning classes as " active " and " passive " citizens. We now see that they can also be distinguished by the economic control of consumption, which belongs entirely to the possessing or active citizen. The Fabian Research Department, in its Report on The Co-operative Movement, comments upon the " apathy and indifference of the bulk of the membership of the British Co-operative Societies." Deprecating this unhappy state of affairs, it grows hortatory : " It is the business of Co-operative Statesmen, as it is of Trade Union, Municipal and National Statesmen, to devise means of transmuting this all too common passive citizenship into effective citizenship." With our analysis of wagery before them, it is unfortunate that the Fabian Researchers did not inform their readers that the transition from passive to active citizenship is only possible by the destruction of the existing wage relationship, *with its corollary the control of production by the producer instead of the consumer, who can only be the capitalist.* If we seek further proof, it will be found in the simple fact that production and consumption are not two separate and unrelated processes but the complementary stages of one economic transaction. Whatever its subsidiary effects, it is the capitalist who controls that transaction as a whole, naturally directing its main current to his own interest and amenity. " Mr. Everybody the consumer " is found, on examination, to be really " Mr. Somebody," and at best a very small part of the population.

Under the industrial system, with the maintenance of labour a productive charge, we need waste no sympathy upon the capitalist in his rôle of final consumer. No Guildsman would dream of putting the State *in loco parentis* to him. When Mr. Cole writes of the State as representing the consumer, he of course means after wage-abolition, when the passive has been transmuted into the active citizen, and has become a final consumer. " We have concluded, then, that the only way in which

industry must be organised in the interests of the whole community is by a system in which the right of the producer to control production and that of the consumer to control consumption are recognised and established." [1] But it is necessary to inquire more closely into the true relation of the consumer to the producer. Mr. Cole assumes (*a*) that production and consumption are two different processes differently controlled, and (*b*) that there is an equality between the two, represented respectively by the Guild Congress and the State. We may agree that they are different processes, but I find it impossible economically to differentiate them. Subject to higher considerations, to which I am coming, the product is surely the result of co-operation between producer and consumer. Nor do the interests of the two diverge at any point unless the element of profit enters. But as that disappears *ex hypothesi* from the Guild system, it is difficult to see why producer and consumer should look to widely different organisations to express their desires. The implied antagonism between producer and consumer, which is more apparent than real, is not economic but commercial. What, we may reasonably inquire, is the producer for if not to satisfy within reason the requirements of the consumer ? To pose them as two different economic interests is to assume the perpetuation of the commercial spirit in an organisation deliberately designed to kill it. But we may safely go further : we may declare that the producer is *par excellence* the consumer.

It is only in so far as the producer, by instinct or understanding, enters into the mind of the consumer that he can produce at all. This is, I believe, the psychological explanation of the well-tested maxim that the supply creates the demand. When a certain Mr. Bissell constructed the first carpet-sweeper, he was not only a producer ; in imagination he was himself the consumer of his own product. I dare say he swept a million

[1] *Self-Government in Industry*, p. 281.

carpets and consumed ten thousand of his own sweepers, as he lay in bed pondering the possibilities of his invention. Nor subsequently did the actual consumers invade his works, angrily demanding improvements. On the contrary, he added one improvement to another, because he could only be a successful producer to precisely the extent that he was a competent consumer. Nor did he stop with his invention. He spent untold thousands of dollars begging the consumer to take his product. There is no misconception so universal as that the consumer creates the demand. He never does and never will, until he himself becomes the producer. But it is not necessary to push the argument so far as that : it suffices if we prove that the productive and consumptive processes are too intimately interrelated to warrant their separation by an arbitrary assignment to a non-economic State of the consumers' alleged interest.

In any event, when I come to consider the case of the producer as such, I shall contend that as between him and the consumer his must be the final word ; whilst, as between the producer and the citizen, the citizen must decide and speak the final word through the State. The State, whatever its ultimate form, must be the expression of the life of the citizen community.

III

THE PRODUCER

As a general rule, the improvement of our goods has constant attention on the part of the responsible managers of our productive works. From time to time we get suggestions from individuals, which we are always willing and ready to take advantage of. As regards the supply creating the demand, we may say that, as a rule, the well-known excellence and quality of our productions creates the demand, but this is also assisted by the fact that the consumer, through his membership with the retail Society, has a direct financial interest in the productions of the Society.—Mr. T. Brodrick, Secretary of the Co-operative Wholesale Society, in Letter to the Writer.

Mr. Hobson is not opposed to the "big industry" of modern times: he demands no complete break with the substance of industrial production, but only with the method of it. . . . If the Guild is to be the enormous concern that its supporters outline, containing perhaps a million members, its direction and administration will be as remote from John Smith, machine-minder, as is the Government of the Empire from John Smith, of Walthamstow, voter. With size will come centralisation; with centralisation, death.—*Nation*, August 4, 1917.

What is pretty certain is that if National Guilds could be set up, trade unions would, after no long interval, arise within them to defend the special interests of the worker (? craftsmen) as against the general interests of the industry.—"H," in the *Manchester Guardian*, October 6, 1917.

I have read your articles appearing in *The New Age* on National Guilds. You have evidently got the conviction that Society is sick, and accordingly you prescribe, and I notice also that you are willing to bring in a little medical treatment. The medicine appears to be strange to the major portion of Society.

I have, however, tasted it, and it isn't really bad. Before taking the full dose recommended, I should like to be satisfied on one point. I take it that you recommend that each industry should come under a National Guild; but what happens in that case to the particular craftsman in the industry?

Personally, I am an engineer, and say with a little pride that I am a fully qualified millwright. I have a pride in my craft, and am afraid of any scheme which would tend to lower the craftsman's pride. Speaking as an Englishman, or Briton if you prefer it, I claim that it is this pride in craft which has brought my country into the foremost place in the world's markets, and I shall be glad of an article from your pen dealing with this subject, not losing sight of the fact that it is the quality of our national products which alone can retain to us the pre-eminent position we now hold. This position cannot be held without pride of craft, therefore what becomes of each particular craftsman's union in any industry?—Mr. Joseph E. Ambler, in Letter to the Writer.

I. Perverted Terms

In its devouring blight, commercialism has tortured from their natural meaning nearly all the old industrial terms. Amongst them the word "producer," the plain meaning of which is one who produces, who makes. But the men and women who produce are no longer the producers; they sell only their labour; the product of their labour belongs to the *entrepreneur*, who arrogates to himself the word "producer." The wage-earner not only forfeits his claim to the product by selling his labour as a commodity, he is helpless when his financial master usurps his title also. Thus, if with £1000 I buy a bootmaking business, *ipso facto* I become a bootmaker, even though I do not know the welt from the toe-cap. I "produce" boots precisely as the conjurer "produces" a rabbit from a silk hat. If one of my employees should object to my usurpation of his title, I merely inquire whether he or I owns the business. My retort would be held by all business men to be crushing. And I could still further crush him by dismissing him, whereby his presumptuous claim to the title, which I had bought in

the open market, like the title attached to a French estate, would be at least temporarily disposed of. It is the capitalist, in the guise of producer, who is really referred to in fiscal discussions respecting producer and consumer. I have even seen the phrase, " producers and their hands." These verbal distinctions may seem trivial ; far from it, they betray in a flash how far commercialism has carried us from reality—a distance which must be promptly shortened, and soon obliterated, if the Commonwealth is to recover its economic strength.

In the previous chapter we saw that the wage-earner, by reason of his divorce from the product, is necessarily in the class of intermediate consumers ; we now see that, for the same reason, he is not, in fact, the producer, but merely a factor in production. When he resumes control over production, by achieving partnership, he becomes in very deed not only the producer, with all the consequences attached to that change of status, but the final consumer. He passes from " passive " to " active " citizenship.

II. Craftsmanship

The submerging of the craftsman in the processes of manufacture, the threatened danger that the death of the spirit and tradition of craftsmanship might ensue, inevitably led to indignant protests both from the æsthetics and those who realised that Great Britain's true *métier* in the world's economy was qualitative rather than quantitative production. I owe to William Morris, Walter Crane, and Matthew Arnold whatever dim perceptions I may possess of the spiritual value of craftsmanship as an expression of our inherent, if sleeping, sense of beauty. In my youth I happened to be concerned with trade in wallpapers. Walter Crane designed wallpaper patterns, William Morris designed and printed wallpapers. I can never forget a little lecture William Morris gave me, as he sat and smoked in his workroom

in Kelmscott House, on the widely different approach to that particular occupation of the craftsman from the trader. The difference lay not alone in quality, but also in the gay spirit and buoyant freedom in which the craftsman set to work. I mentioned that, whereas the usual discount was 33⅓ per cent, he only gave 5 per cent. "If the merchant wants wallpapers at usury let him make them," he said. By good fortune, William Morris was in its full sense a master-craftsman ; it is an obligation upon all of us to free the less favoured craftsman from a servitude that kills beauty and starves genius.

The argument for qualitative production, whilst doubtless rooted in the æsthetic sense, is based on more practical and immediate considerations. The cry for qualitative production is a condemnation of shoddy production ; a declaration that the production of flimsy commodities, made merely to sell, is uneconomic and morally degrading. It can be argued with almost equal force in the sphere of ethics or of economics. Mr. Ambler, whose letter I quote, is a millwright ; he belongs to the most highly skilled branch of mechanical engineering. He claims to be a craftsman—a claim I for one most readily admit. But it is doubtful if the æsthetes would agree. Some of them might regard him as the most dangerous of Philistines, as a man whose diabolical genius for mechanical production cuts at the roots of true craftsmanship. My correspondent's function is to build a machine, honestly made in every part, that will perform efficiently the work for which it is designed. This machine may be the main instrument in making some commodity at a price within the reach of the consumer's purse—an article which is the outcome of prior co-operation and negotiation between producer and consumer. It may be that the consumer would prefer this commodity to be more distinctively the work of a craftsman, who would put into it a personality not so visible, although not actually missing, in the machine-made product. For example, I have on occasion at craft exhibitions seen

various pieces of furniture made by Mr. Romney Green. I have paid them devout homage and wished them mine. At a pinch, I might possibly have procured one of Mr. Green's productions. Apart from the fact that it would make the rest of my furniture look cheap and ugly, I must remember that I have a limited surplus over my domestic requirements, and I might prefer to spend it on books or pictures, on scientific research, or what not. I would accordingly be thrown back upon the purchase of a table made by machinery constructed by Mr. Ambler. But I would naturally expect that table to be of good quality and endurance. It must meet the requirements for which it was designed and sold. If it did so, it would come within the qualitative standard. And if so, its manufacture may properly obey the economic laws incidental to "large scale" production. And providing the quality be maintained, I see no reason why the engineers concerned should not be regarded as craftsmen, nor why they should suffer any moral deterioration.[1]

Large production being historically modern, it was not surprising that the craftsmen *pur sang* should hark back to mediæval days in general and the mediæval Guilds in particular. They demanded the restoration of the Guilds, finding themselves out of sympathy with modern movements, whether Collectivism or National Guilds.

The restoration of the mediæval Guilds is as impossible as the revival of Egyptian, Greek, or Roman civilisation. If there were the least chance of such an adventure proving successful, I would oppose it with all my strength, not least in the interests of the craftsman himself. In their integration and final structure National Guilds have nothing in common with their mediæval predecessors. What they have in common is a spirit of craftsmanship with more leisurely methods in produc-

[1] The argument for large scale production is admirably stated by Mr. Cole in *Self-Government in Industry*, p. 240 *et seq.*

tion. But we must not idealise the conditions obtaining in the mediæval Guilds. Were they the patterns of a rich and happy existence they are sometimes painted, we may rest assured they would not have succumbed so easily to the merchants and financiers. The contrasts so frequently drawn between the mediæval and the modern, always to the disadvantage of the modern, seem to me to ignore the historic justification for the advent and growth of capitalism. New economic or social developments do not spring out of the blue, they are the offspring of preceding conditions, the harvest of yesterday's seed. Their history, imperfect and biased though it be, is for guidance into the future, and not for reversion to the past. For my part, I can rejoice in the Renaissance, learn from the Reformation, feel some thrill from the Elizabethan expansion, find enrichment in the Commonwealth and amusement from the Restoration. But should it come to the revival of these periods, or any of their social and economic conditions, I emphatically dissent, choosing the future and rejecting the past. Our ancestors did many remarkable things ; so also can we. Now, as then, in the womb of each morning is a miracle ; before the sun sets we may witness its birth and share in its glory. Capitalism bore in its train unspeakable horrors, notably the industrial conditions of the transition from the small to the large industry, but it was a dominant factor in a period of great and continuous achievement. Its mission is now exhausted, its work completed ; we are moving into a new era of industrial democracy, in which function supplants exploitation and partnership ends servitude.

III. Art and Local Life

The æsthetic or sensuous aspect of art and craftsmanship, as distinct from the admiration we feel for competent craftsmanship in machine production, is linked to the problem of local life and the reaction of locality against

centralisation. Obviously the craftsman's art depends in part upon the organisation of local citizenship and in part upon the purchasing capacity of the Guildsmen. All this congeries of questions can be more conveniently considered in our next chapter on distribution. I look anxiously for the growth of local life as a necessary counterpoise to centralisation. The conditions that induce centralisation by no means exclude local patriotism, a favourite theme of Socialists a quarter of a century ago. But so far as I can see, centralisation is only in its infancy. At present it does not extend beyond the national frontiers. Democracy must, however, within a measurable period assert itself in industry in other countries. When that time comes we shall superimpose upon the national an international centralisation, whose only limits will be the surface of the globe.

IV. Qualitative Production

Our immediate task is to reconcile the present large scale industry with qualitative production. What precisely is meant by large scale production ? Mainly this : when the economic unit is found in the largest output, at the lowest cost, under single control. Not invariably, however ; large production is sometimes essential to a single product. A small firm may throw a light bridge over a broad river ; it requires a large corporation, with practically unlimited resources, to build a great modern bridge, capable of bearing a number of railway trains, vehicles, and foot passengers. There is nothing inherently wrong or morally degrading in large production. On the contrary, it may save and not waste monotonous labour ; it may, and in fact does, reduce or abolish human " repetition " by the lavish introduction of automatic machinery. In many directions we must admit that its effects are beneficial. The large scale production of agricultural machinery, for example, has been instrumental in increasing the supply of food-

stuffs, even though the methods of sale to the farmer are usurious and tyrannical. The cycle carrying that typist to her work is the outcome of large scale production, not only as an industry in itself, but as a dependent of large scale machine tool production. The term, too, is relative. The dentist (direct descendant of the barber who extracted teeth in the days of the mediæval Guilds) has tools and materials at his disposal that come from large scale producers, even though their total output be the merest bagatelle compared with a Chicago canning factory. The list might be indefinitely lengthened.

Nevertheless, we know that craftsmanship is in perpetual danger and the craftsman in constant servitude.

The danger and the servitude are not necessarily inherent in large production ; we know as a fact that small employment may be equally repugnant to the life of the craftsman. We must look to the conditions of the workshop, the terms of employment, and the training of the apprentice, in addition to the degradation of the wage payment. It would be easy to particularise on each of these points ; indeed, volumes have been written upon them, from Upton Sinclair's *Jungle* to the latest dissertations on scientific management and welfare work.

The solution can only be found in one direction, and that the most natural : in the control of the workshop by the workman himself. With that end attained, he will know from bitter experience how most efficiently to train the apprentice and how most humanely, and therefore most fruitfully, to order, to change, or to abolish the workshop routine. When the craftsman reaches that stage, he will be in a position to refuse to produce commodities whose poor quality offends his self-respect ; he will indignantly reject any and every form of adulteration. Whatever he produces will be carefully calculated and even guaranteed to be the requisite standard and quality.

The ground is now, I hope, cleared to consider the

status of the producer in his relations with the State and the consumer.

V. Industrial Craftsmanship

Confining ourselves in this section to the industrial as distinct from the art craftsman, the question still remains to be answered how would the craftsman protect his particular craft and mystery inside the Guild organisation? This is the essential point of Mr. Ambler's letter, and I think also of a very interesting critique, quoted earlier, in the *Manchester Guardian*, by "H," whom I suspect to be Professor Hobhouse.

The question presupposes two different classes of producers—the skilled and unskilled. The former may be presumed to be the trade craftsman; the latter the labourer. But the distinction is not so easy as it looks. For a generation or more the skilled workman, so-called, has really been the organised workman. Generally stated, skill and organisation have been coincident; but it does not follow that inadequate organisation spells lack of craftsmanship. The classic instance is the agricultural labourer, whose skill cannot be in serious dispute. The war has brought his skill and national value into bold relief. In like manner, we have suddenly discovered the functional value of the sailor. Whilst it is true that the mechanism of steam and electric power has enabled shipowners to dispense to a large extent with the weather-wisdom and sailing qualities of the old-time sailor, whilst captains and mates can now secure their "tickets" without the previously necessary training in sailing ships, it yet remains true that the best captains are they who have learnt their trade literally "before the mast," and the best seamen are they who have acquired their skill, alertness, and keen observation in "wind-jammers." But hitherto both the agricultural labourer and the seaman have been criminally underpaid, because inadequately organised. It is not without significance

that one of the most powerful craft organisations in existence is the Merchant Service Guild, composed entirely of captains and officers of the mercantile marine. It was this organisation that laid up the P. & O. boats until its terms were accepted. Had there been a strong agricultural union, as powerful on the land as is the Amalgamated Society of Engineers in the engineering shops, the history of the "release" of men to the army from "industries of national importance" would have been vastly different from the blundering jumble it became. Amongst the thousand and one lessons we have learnt from the war, not the least is the national importance (apart from its sectional value) of trade organisation and the authority it confers. Priceless in war, it will prove infinitely precious in the settlement and in the succeeding peace.

There cannot, I hope, be two opinions as to the necessity of preserving and refining the crafts both of agriculture and seamanship. But our difficulties do not end with these two crafts. The war has expedited the tendency, already constituting a problem in those far-off days of peace, to break down the barriers between the "skilled" and "semi-skilled," particularly in the engineering industries. "Repetition" has been crowned with a halo of patriotism and automatic machinery has received the blessing of the Church and the plaudits of our governing classes. The consequent "dilution" has become a stupendous fact in industry, not only because spinners and weavers became engineering war-workers (incidentally earning double and treble wages), but women invaded the engineering shops in hundreds of thousands. In one large works known to me, of 7000 employed 65 per cent were women. These women were not merely engaged on shells; they were working 5·9 and 9·2 guns. To add to the confusion, "repetition" wages exceeded "skilled" wages, with the result that skilled men were drawn from their proper occupations to the more highly paid but

much less skilled work. It is an open secret that recently, when "leaving-certificates" were withdrawn, there was considerable anxiety that the craft jobs would be deserted for the attractive "repetition" wages. To obviate the danger, more liberal wages were offered to the "skilled" men, who had resolutely insisted upon the time-basis of payment. From the other side, the Amalgamated Society of Engineers has opened its doors to certain grades of semi-skilled workmen, to the chagrin of the old-fashioned craft-unionists.

Through the eyes of the selfish craftsman the damage seems irremediable ; but insult has yet to be added to injury by the employers, who, unless they can be restrained, intend to maintain this great army of semi-skilled in a mad gamble of world-competition in purely quantitative production. Now that the war is over, we find ourselves faced with a mountainous national debt. It is already argued, *both by the Government and the employers*, that the only possible way to meet our national obligations will be by a gigantic commercial crusade, the one and only consideration being large profits, out of which the debt-interest and sinking funds must be paid. An informed and alert Labour party must answer, both by deeds and argument, that wealth conscription is the way to pay the debt and that qualitative production is the only way to preserve our self-respect and create a sane economy. Quantitative production, in the conditions envisaged, spells the indefinite prolongation of wagery and the final degradation of the craftsman.

VI. Craft Groups

We cannot be too cautious in drawing conclusions from such incongruous conditions ; it would be safer indeed to draw none. War prophecies are, after all, only the transitory hopes or fears of the moment. It is better to fall back upon first principles. The condition pre-

cedent to National Guilds is the labour monopoly. This monopoly, of course, includes every grade of labour from the simplest to the most complex. Labourer and craftsman meet here on common ground ; each is vitally concerned to preserve the labour monopoly, to keep his organisation "blackleg-proof." This numerical monopoly obviously includes the control of all the crafts within its boundaries. Since the end in view is qualitative production, it follows that the development of every craft is imperative. Nor does it seem unreasonable to assume that the responsibility for maintaining and developing the craft properly falls on those who have already acquired it.

The narrow craftsman takes the selfish view that the increased industrial power of the semi-skilled is an invasion of his own prescriptive rights, bought and paid for by premium, apprenticeship, and other special training. In a competitive wage-market, there is something to be urged for this point of view : it is essentially a property right, which, if destroyed, threatens other property rights. If, for example, the employers overwhelm the craftsmen by a combination of semi-skilled labour and automatic machinery, they cannot complain if the craftsmen, in their turn, combine with the semi-skilled and unskilled and so oust the employer, whose powers of exploitation are thus rendered nugatory. And that is practically what has happened. Up to a point, the employers have been careful not to antagonise the craftsmen ; more than once, they have played off the craftsmen against the semi- and unskilled. It is the simple truth that the craft-unions, in days now gone, let us hope for ever, co-operated with the employers in the preservation of a large supply of unskilled or unemployed labour. But with machinery has come large-scale production, relatively improving the economic position of the semi-skilled at the expense of the craftsmen, who, being in the same wage-bondage with semi-skilled and unskilled, can only escape destruction by joining in a labour

combination that can at once abolish wagery and establish qualitative production on a sound foundation.

Whatever justification there may be to preserve existing privileges in a competitive wage-market, such justification disappears like an evil dream in the harmonious economy of Guild organisation. Every accretion of skill and experience goes into the common fund of productive capacity, in due course bringing a far richer return than was ever dreamed of in the philosophy of wagery. From this point of view, it becomes evident that semi-skilled Guildsmen are economically more desirable than unskilled ; that every semi-skilled man who passes the test and becomes a genuine craftsman is an accession to the actual or potential wealth of the Guild. Thus the craft-unionists, who under wagery had an incentive always to become a close corporation and to limit the progress of the semi-skilled, under the Guilds have a much stronger incentive to work up to its highest pitch of skill every scrap of available labour. For not only does every accretion of skill lighten and sweeten the day's work, but it is one more guarantee that only qualitative work will be entertained. Only through the purifying spirit of a proud and self-reliant craftsmanship can this be attained.

When, therefore, " H " anticipates the formation of trade unions inside the Guilds " to defend their special interests as against the general interests of the industry," he is partially right as regards the fact, but egregiously wrong as regards the motive. Undoubtedly the craftsmen will see to it that their crafts do not suffer and are not submerged in an inchoate mass of nondescript labour. It would surely be an evil day if Labour, in securing the monopoly of its labour, lost its craft tradition. The organisation therefore that " H " foretells as something dangerous, or even fatal, to National Guilds will be in fact necessary and desirable.

This general principle of craft-protection does not await expression until National Guilds are formed. It

is equally applicable in the transition period of industrial unionism : equally applicable under workshop control, upon whose committees must sit the representatives of every craft and occupation concerned. I cannot help thinking that industrial unionism would develop quicker if this fact were rather more emphasised. Fundamentally, the case for industrial unionism is the need for Labour control, but this does not preclude every available protection for the crafts. The real danger to the crafts is the failure of Labour to gain that fundamental monopoly—the foundation of each subsequent development.

VII. Technical Training

Of the organisation of the crafts under the Guilds little need be written. It is now generally admitted that technical education and training must be put absolutely under the control of the Guilds. In these technical schools young Guildsmen will begin their contact with industrial reality. We can but murmur a fervent prayer that they will find it as fascinating as their fathers found it tedious. Whether such training will eventually supplant apprenticeship I do not know. The Guilds will in their wisdom decide when the time comes. Nor need we seek to know with particularity how craftsmen will organise for greater security, or how enrich their traditions by fresh experiences and new discoveries.

VIII. The Test of Good Production

All who accept the Guild analysis of wagery are agreed that the capitalists mould production to their own consumptive purposes. But the capitalists disappear when National Guilds emerge from the class struggle, leaving the control of production to the producer, always provided there are consumers to consume. The production of commodities is not a pastime ; it is a function created out of human needs. Whilst

the producing Guilds have it always in their power to decline any form of production they may deem derogatory, their most obvious duty is to meet the desires of the consumers in every legitimate way. And Guild organisation will be lacking in a vital part unless it makes it easy for producer and consumer to meet and discuss production, in small things as in great. But that does not really carry us very far, because it is a fact (and will remain a fact after the proletarian intermediate consumer has become a final consumer) that in the vast mass of products the consumer throws the responsibility upon the producer to do his best. This best—or worst—is roughly tested to-day by market competition. With that competition removed, the producer's responsibility is increased and not decreased. The burden of a competitive price disappears ; the pleasure of quality remains or is added. It is astonishing the vast number of things we consume without special thought. On rising this morning I flicked the incandescent burner into radiant light, forgetting that in my youth I was quite content with lamp or candle. I went into the bath-room where is a blessed miracle of hot or cold water by a turn of the wrist. Very different from, say, fifty years ago. The gas-fitters and plumbers may have taken the hint from some crotchety consumer ; I am certain the credit belongs to them. On coming down to breakfast I found my letters on the table, all sealed in envelopes, cut and pasted by ingenious machinery. On the table also were a linen tablecloth, some salt, mustard, and pepper, their appearance in each case a marvel. I forget what I had for breakfast, but I remember the tea came from China—surely a great performance. I glanced at my watch, which is a self-winder. Had I thought of it, I might have remembered that my grandfather inserted a key into the face of his old "turnip," whilst my father wound up his watch by opening the back. Every hour of the day down to midnight, which finds me writing

with a fountain-pen, has been full of strange adventures with the products of human skill and ingenuity. I am tolerably certain that the changes wrought in each decade are the work mainly of the producer, the craftsman, of the inventor who is an inspired craftsman—and sometimes an idiot. On the other hand, I am particular about my clothes, my hat, and my boots, and go to some trouble to get what I want. The makers of these articles, I generally find, are interested in meeting my requirements apart altogether from monetary considerations.

Whilst it is evident that, when the mass of the workers become final consumers, they will grow more imperious in demanding quality and variety, demands which all intelligent Guildsmen will welcome, I cannot but rejoice that the producer will have achieved sovereignty over his own work and be no longer at the beck and call of others, whose only claims upon him are their bank-balances. But this control over his own work, as I have already said, carries very much the same responsibility as attaches to a doctor when called for by a patient. Andrew Undershaft, Armourer, declined to draw distinctions between the warring nations. But had any Government suggested to him to reduce the quality of his guns or adulterate his gun-cotton, I fancy he would have closed his account and called in his loans.

In nine hundred and ninety-nine cases out of every thousand we may anticipate friendly co-operation between Guild producers and consumers. When serious differences arise, not even soluble by the Guild Congress, what authority remains to enforce equity and execute justice? None, save the State; and not the State, until we have related it to the Guilds in general and to the Guild Congress in particular.

IV

THE CONSUMER FURTHER CONSIDERED

I find it impossible to accept Mr. Hobson's sharp differentiation between "the ordinary production and consumption of commodities" on the one hand and the use or enjoyment of public amenities on the other.—Mr. G. D. H. Cole.

Those who maintain that a main function of the State (the political machinery of government in a community) is to "represent" the consumer can do so only by including in "consumer" the user or enjoyer of any kind of service. Now it appears to me that this is to do violence to ordinary language, and betrays a real divergence from fact which ought to serve as a danger signal. . . . My point is, however, that when we come to the services rendered by the Civil Guilds, the whole matter of adjustment between users and renderers of service is on an entirely different footing. I do not consume the skill of the surgeon or the wisdom and experience of the teacher. On the contrary, I actually enhance the value of these "goods" by availing myself of them, while I destroy the value of the boots by wearing them.—Mrs. E. Townshend.

In your chapter on the Consumer an interesting point is raised in the words: "On an issue so vital, involving *ex hypothesi* a bilateral government, it is remarkable that no attempt has been made to define consumption or delimit the rôle of consumer." Might I suggest that the simple terms "membership" and "member" might meet the case? And, similarly, would not the term "executive" be more suitable than "producer"? I think your readers would find if they re-read the latter part of the chapter in the light of this substitution of terms, those recommended would fit quite well. Take the following instance: "The logic of the argument inevitably leads to the control of the 'executive' by the 'member.'" The aptness of the term "member" is particularly noticeable in the difficulties arising out of Mr. Cole's remarks.

It covers and combines the terms "users" and "enjoyers." And not only that, but by regarding the man walking in the park and his neighbour who buys a bottle of whiskey in the light of State "membership," it suggests a community of interest which is lacking in the other terms quoted.—Mr. T. Constantinides, in Letter to the Writer.

I. Consumers and Users

In his critique upon my chapter "The Consumer," Mr. Cole rejects my definition as too narrow, contending that it must be broad enough to include the enjoyers and users of public amenities. I have no pedantic objection to a changed or added meaning of an old word, providing that it tends to clearness or convenience. Every new body of doctrine colours or distends current words or terms; such a process is essential to the flexibility of our language. I do not think that, as things are, the word "consumer" connotes user or enjoyer. If, for example, we asked the frequenters of public parks, libraries, or art-galleries whether they would consider themselves "consumers," it is certain that they would practically all reply that they saw no connection. If Mr. Cole were to persist, he would find it necessary, when using the word in the wider sense, to enter into such long explanations that ultimately he would be driven to find an "umbrella" word more suited to his purpose. Mr. Constantinides is evidently alive to the difficulty, suggesting "executive" for producer and "member" for consumer. But when I wrote "producer" I did not mean "executive"; when I wrote "consumer" I did not mean "member"; I meant one who makes an effective demand upon the producer for a specific commodity. I used the word, in short, in its economic sense. In origin and use, the word always has had a strictly economic meaning, the obverse to the reverse of producer—the two words balancing each other, and conveying that idea whether written or spoken. It is a balance

I should regret to see disturbed. Nor would it add to lingual convenience, because if "consumer" is in future to bear a civic sense, we shall have to evolve a new word for economic consumption. Without prejudice, then, to Mr. Cole's real argument, I think it better to confine the word "consumer" to the same category as "producer," and to wait upon time and circumstance to create a word expressing Mr. Cole's meaning. Nor do I think the words suggested by Mr. Constantinides meet the case. State "membership" comes too near to citizenship, whilst the connection between "executive" and "producer" seems too remote, although I appreciate the idea behind the suggestion. For my part, I can only announce that when I use the word "consumer" or "consumption," I mean the personal act or general process of consuming commodities measurable in quantity or value.

II. The Civic Element

Mr. Cole is not concerned with a verbal nicety but with a matter of substance. He and I do not actually disagree about the meaning of the word "consumer," but upon our different conceptions of public policy. My difficulty is that our lines of agreement and disagreement are so interlaced that it seems almost impossible to come to an issue. The broad distinction between us is, I think, this : I believe that, providing there is the appropriate Guild organisation, no *impasse* can ever be reached between producer and consumer unless a fundamental question of public policy be raised, whereas Mr. Cole sees the future consumer (passed into the class of "final consumers" by the abolition of wagery) energetically asserting himself in a free society, as consumer, and insisting upon the State machinery constantly exerting itself on his behalf. In the fuller economic life thus envisaged, strictly economic consumption apparently merges into the con-

sumption of public amenities. "There is a civic element," he says, "in all acts of use, consumption or enjoyment; and in a free society this civic element would be far more prominent than it is to-day." Even now there are "some industries and services in which this civic element is greater than it is in others," and I gather from the argument, although Mr. Cole does not actually assert it, that these industries and services will tend to increase in number and in volume of work.

With this prophetic analysis, I do not substantially disagree; on the contrary, it seems a reasonable inference from the main premiss. We only diverge when we discuss the principles of organisation applicable to this new life. Mr. Cole would ascribe to the State, as one of its functions, the protection of the consumer as a class, whereas I regard the State as the protector equally of producer and consumer; as the custodian of public amenities for the use and enjoyment of citizens without regard to production or consumption as such. Further, by hypothesis, having relegated the economic function to the Guilds, and regarding production and consumption as complementary stages of one economic process, I object to entangle the State organisation, by a side issue, in the economic net from which it has been rescued. Further, just as there is a "civic element" in consumption, use and enjoyment, there is a correlative civic element in production; it is this civic element, common to producers and consumers, which relates our economic to our national life; it is the breach or wanton disregard of this civic element—actually our heritage as citizens—that involves public policy, and calls for a national or civic solution by the people in their capacity as citizens. Mr. Cole will not disagree with me when I add that we must look to the development of this civic element as the unifying factor both in our communal and national life. Without it, we might, by clever industrial organisation, grow fabulously rich,

but we should not know how to live. Here we catch a gleam of the spiritual function of the State.

III. Public Policy

It is, of course, difficult, if not impossible, to define "public policy." The law-courts have the phrase "contrary to public policy," and upon it many quaint judgments have been delivered. It is an intangible element in our national life, yet very real in practice whatever it may be in theory. I certainly shall not attempt to define it, but perhaps I can indicate its scope. We recognise it as the expression of public intention and settled public tendency. Its appeal is not sectional but broadly civic. Suppose, for example, the Guilds had rooted out wagery and profiteering, and then some rebel Guild sought to re-establish them. In resisting such a reactionary movement we should rightly appeal to public policy. Or suppose Chinese labour were to be introduced into this country, systematically and in large numbers. I do not think there is any law against such procedure, but, if it were attempted, we should invoke public policy against it. Public policy may, or may not, be inscribed on the Statute Book ; nevertheless, we know instinctively as citizens when it is threatened. We have no law in this country, so far as I know, against miscegenation, but if we had a population of twelve million negroes we should speedily declare it to be contrary to public policy, law or no law. The basis of public policy is that civic element which is common to every phase of activity—consumption, production, education, medicine, law, literature—fundamental citizenship. And I would keep the State from any clash with the Guilds except when public policy unites us as citizens against anti-social action on the part of any Guild or group of Guilds. Personally, I think any such contingency would be extremely remote.

Mr. Cole thinks that my criterion of public policy

breaks down when applied to practical affairs. He cites the railway service, the Post Office, the shipping services as coming rather within his broader definition. But they present no difficulty, so far as I can see ; they are only the Colonel Bogey of this particular controversial course. Let me take them *seriatim*.

(i.) *Railways*.—The transit of commodities goes into the cost of production, and accordingly railways are essentially producers, so far as they carry commodities, whether for intermediate or final consumption. But they also carry passengers along the King's highway —for such is the railway by Act of Parliament. Here our rights as citizens are touched, and accordingly public policy has long since dominated railway practice —dominated it in form if not in fact. If I want to travel from London to Oxford, to remonstrate with Mr. Cole, I am so entitled, providing I obey the conditions. If those conditions are harsh or inequitable, my citizen rights are invaded. It is true that I am, in this instance, also a consumer, and it is therefore difficult to distinguish between the State intervening on grounds of public policy, as I contend, or because I am a consumer, as Mr. Cole would contend. But, at least, I am quite definitely a consumer in the economic sense of the word, and not merely a user or enjoyer. Historically considered, State action in regard to the railways is undoubtedly based on public policy.

(ii.) *The Post Office*. — Personally, I think that public policy is so deeply concerned with the Post Office that it ought to become a Civil Guild. But it is also a gigantic industrial organisation, closely connected with transit, engineering, metal production, coach building, and I know not what else. If the Postal Servants definitely decided in favour of affiliation with the Productive Guilds, as a democrat I should accept their decision, but would insist upon such Special State representation as public policy would dictate. Public policy, please note, not specially based upon

use or enjoyment, but upon certain fundamental citizen rights. Nor am I user or enjoyer when I post a letter. I am quite certainly a consumer, out of which, in normal times, the Post Office makes a considerable profit—a gross profit of one halfpenny on every penny stamp. Historically considered, State control of the Post Office and State intervention in the case of its predecessors have undoubtedly been based on public policy.

(iii.) *Shipping Services.*—The Mercantile Marine Law is surely based on public policy, and without regard to user or enjoyer. When Mr. Cole has had as many involuntary interviews with Consular Officers and Port Doctors as I have had, all his doubts on this point will be resolved.

So far as these three industries are concerned, my conclusion is that they fall naturally under the rule of public policy, justifying State intervention, whilst they deal with consumers economically considered, and not users and enjoyers.

But Mr. Cole adduces another instance. Suppose some financial potentate to construct playing-grounds, cinemas, houses and other amenities, "are the workpeople who use these things consumers of the intermediate class, or are they citizens and enjoyers?" My answer is that so long as these amenities are reserved for the workpeople concerned, they are mere additions to wages (the *quid pro quo* being attachment to the works), and the workers, being still wage-earners, remain intermediate consumers. But if the *matériel* of these amenities be transferred to the community, for the use and enjoyment of all citizens, then the workpeople still remain intermediate consumers, but enjoy the amenities as citizens—passive citizens.

IV. Public Amenities

We must be careful not to erect public policy into a fetish. It would be easy for the State, as representing

its citizens, to turn public policy into a stick to beat any dog of a Guild that broke out in a new direction. Every conservative might hold up his hands in pious horror, seeing in each Guild development an inroad upon civic rights, a breach of public policy. The natural instinct of the Englishman, when he sees something he dislikes, is to invoke the law " to put it down." Nevertheless, our safety as a people is found in our rooted affection for civic virtue and personal liberty. There is no reason to suppose that the same civic loyalty will not persist in the Guild period. But because this instinct is so strong within us, all the more reason that every struggle between the State and the Guilds should be most cautiously based on enduring principles and not upon transitory interests (as would be the case if the State continually intervened on behalf of the consumer) or upon prejudices derived from the capitalist period. Apart from the fundamental principle that the State must not intervene in the economic organisation of the Guilds, save only where citizen life and rights are involved, I should look with anxiety upon any intervention on such subsidiary or alien reasons as disputes between producer and consumer. The inter-departmental friction that must ensue would tend to national instability.

On the other hand, we must not undervalue the importance that Mr. Cole rightly attaches to public amenities, with their resultant citizen rights—the rights of user and enjoyer. He and I are agreed upon the large part that amenities must play in the life of our economically enfranchised citizens. But whereas he would bring these citizen rights within the ambit of " consumers," confusing citizen rights with the strictly economic interplay of producer and consumer, I would reserve the life of the citizen (in whatever capacity, whether producer or consumer) to the care of the State. Citizen rights and consumers' interests are in different categories. To bring them under one denomination

spells confusion of purpose and gratuitous friction between the State and the Guilds.

I am content to take Mr. Cole's own instance to prove my case. He supposes the State, as the representative of the consumers, to be dissatisfied with the price charged for pots and pans. The appropriate department would complain to the Guild representing the sheet-metal workers. The answer comes back that the high price is due to the charges of the Iron and Steel Guild for tin-plates. The State next takes up the matter with the Iron and Steel Guild, then, failing satisfaction, to the Guild Congress, and if necessary to a joint session of State and Congress.

But surely Mr. Cole is overlooking the essential principles of Guild organisation. No profits! Why set all this machinery in motion when an actuary could settle the question in a week? He has only to ascertain the net cost, making such allowance for sinking fund and depreciation as may be set out in the Guild Charter or agreed upon at the Guild Congress—this latter for preference. Nor must we forget that the Metal Workers' Guild would be represented upon the governing body of the Iron and Steel Guild, his agreement to prices, with all the facts before him, being essential to any transaction between the two Guilds.[1] I cannot help adding that if Guild organisation were incapable of settling such a trivial problem, its personnel would be unequal to the task of administering a hardware shop, not to mention a Guild. But I must not do Mr. Cole an injustice. It is true that he sketches the machinery as related, but he adds that he does so "without prejudice to the right of the sheet-metal workers themselves, through their Guild, to raise the question with the Iron and Steel Guild, either directly or through the Guild

[1] My assumption is that exchange price must be based on the actual cost of the product. But whilst in general the price should be the cost, this should be regarded as a convenient method of exchange and not a fundamental principle. Social or economic circumstances may render it desirable to sell above or below cost. Where there is any variation from cost there must of course be suitable protection against profiteering.

Congress." I think what he really means is that, in the ordinary course of business, the two Guilds would settle the matter between themselves, whilst the larger machinery is held in reserve. My answer is that I do not object particularly to this ultimate machinery, but it ought only to be used when questions affecting public policy are raised, as for example a point-blank refusal to supply pots and pans at all, or a differentiation of supply to favoured localities. Here our rights as citizens are clearly involved and the local authorities, municipal or otherwise, would have a *locus standi*, either before the Guild Congress, the Joint Session, or the Judiciary. I can hardly imagine such a comedy in the case of pots and pans, but the comedy might turn to tragedy in the case of fruit, vegetables, milk or manure.

The vital importance of maintaining this rigid distinction between public policy and the consumer, as such, may be illustrated by carrying this instance a little further. Suppose that the State has actually intervened on behalf of the consumer. John Smith and William Robinson are neighbours. One is a sheet-metal worker ; the other grumbles at the cost of pots and pans. Both are equally citizens. When the State intervenes, on Mr. Cole's model, the one is pleased, the other angered. John Smith asks why the State should side with Robinson against him. Personally, I see no answer. The State is acting *ex parte*. But if the principle of public policy be adhered to, both Smith and Robinson can meet on common ground ; both are equally interested in the preservation of their citizen rights. I should be surprised if John Smith, in these circumstances, would not emphatically declare that his rights as a citizen are more to him than the more restricted interests of his Guild.

In other words, whatever the State does in relation to the Guilds, it must aim to unify and not divide its citizens.

V. Protection of the Consumer

Must, then, the consumer fend for himself?

Mr. Cole thinks that the logic of my argument means this. It is true that I wrote that "the processes of production and consumption cannot be economically differentiated." I went further: I asserted that, as between the producer and the consumer, the producer must have the last word. And, subject to public policy, the considered opinion of the citizen body, that is my position. It is speculative rather than practical, because the producer produces that the consumer may consume. But I also wrote: "Nevertheless, after wage abolition, we must provide, inside the Guild organisation, for effectual contact between the Guilds and the final consumer." I also suggested the machinery, namely, a Distributive Guild. Then I went on to assert that, after all, in practical affairs, it is the producer who creates the demand.

It is important to be clear about this. Mr. Cole has misapprehended the argument, so probably others have too. This is what I wrote: "It is only in so far as the producer, by instinct or understanding, enters into the mind of the consumer that he can produce at all. This is, I believe, the psychological explanation of the well-tested maxim that the supply creates the demand." Psychologically, the reverse is equally true: unless the consumer, by instinct or understanding, can enter into the mind of the producer, he will not get what he wants. But if producer and consumer can finally become of one mind (as happens millions of times every year), then all that remains is to put the skill of the producer to the test.

My argument was not economic but psychological. Equally psychological is the maxim that the supply creates the demand. I did not refer to it as a law or build an argument upon it; I referred to it as a "maxim." Mr. Cole denies the truth of it and

proceeds to prove it true. Let me quote : "The producer and not the consumer is certainly the originator of new forms of supply ; but the consumer determines whether he prefers to consume these new varieties or to persist in his demand for the product to which he has been accustomed." But did not the producer equally create the demand for the former product ? When did the consumer cease to create the demand and the producer take up the mission ? It must be a long time ago, for the mediæval Guilds prided themselves upon creating the demand for their products. In those days, it was by excellence ; to-day, as Mr. Cole properly emphasises, it is by advertising.[1] But it is not true of staples, Mr. Cole says. Tea ? Sugar ? Leather ? Iron and Steel ? What staples ? I think it will be found that practically every known staple, from potatoes to paper, has been the subject of variation and improvement by the producer, with the demand changed or enlarged in consequence. Indeed, it must be so, for the simple reason that the producer knows a vast deal more about his product than the consumer. Whilst we must welcome a more fastidious body of final consumers, men and women with a more practical knowledge of products and goods than the present final consumers, whose artificiality of life and ignorance of manufacturing processes render them the dupes of rogues and designing tradesmen, whilst we must by prudent Guild organisation prepare the way for the realisation of their wishes, in small things as in great, nevertheless it is the producer, the creator, who remains master of the craft. It is the work of his hands we must finally accept. For my part, I shall be infinitely grateful. But my gratitude will be all the warmer, if on due occasion I can persuade him to make something for me as I would have it made.

[1] We must not dismiss advertising cavalierly. I apprehend that the Guilds will have to adopt some advertising methods to announce their products. The essential thing is truthful statement.

All I ask is that I may be given facilities to get into touch with the man I want. I shall find out about him from the Distributive Guild. I shall find, on making his acquaintance, that he is not arrogant, but helpful and kindly.

VI. Guild Provision for Consumers' Claims

Subject to certain reservations, such as the precise function of the consumer and, perhaps, the ultimate structure of the State, Mr. Cole and I are substantially in agreement upon immediate problems. He accepts my analysis of the consumer, as he is to-day. He agrees with me that to-day the capitalist is the protagonist of the consumer. He widens my definition of the consumer after wage-abolition, which is by no means a hanging affair. On the other hand, I agree with him that the future final consumer will be altogether a more imperious and fastidious person than we can easily imagine in these drab days of triumphant wagery. We both visualise a free society when everybody will, so to speak, travel first class ; when, as the Americans say, " the best will be good enough." Our problem is to ensure that the Guild organisation shall be pliable enough to meet the needs and demands of our future Guildsmen and citizens. Nor am I sure whether, in effect, words do not divide us on the question of public policy and the State representation of the consumer, the user and enjoyer. I suspect that in practice very few issues will ever reach the State unless they imply more than a mere difference between producer and consumer. The something more will trench upon public policy ; the something less may hinge upon the consumer's claim for something not granted by the producer. But if I can carry Mr. Cole with me to this extent—that the State must only intervene in the last resort—I shall be content to let our several theories await the test of time and further experience.

Granted such general agreement, what remains is an affair of practical statesmanship—to find machinery equally acceptable to both our theories to bring producer and consumer into effective contact. My solution is the Distributive Guild. Mr. Cole, I think, attaches considerable importance to local representation, certainly other Guildsmen do, as I do myself. It seems to me that in building up the Distributive Guild, we might consider how far such an organisation could cover local activities, linking up with local authorities, so that local opinion, on all problems concerning consumer, user and enjoyer, could without friction and with great advantage find effective expression in the Guild organisation.

V

DISTRIBUTION

For my own part, I agree heartily that the basis of the Guild Society will be producer control in the economic sphere, but I am anxious, too, to see every opportunity offered for the user and buyer to make known their desires and point of view, and I am not shaken in my belief that geographical units will serve best to provide this.—Mr. Maurice B. Reckitt, in Letter to the Writer.

In order to give definiteness to our suggestion, we hazard a statistical estimate. Thus limited, the possible extent of the annual trade of the Co-operative Stores and Wholesales in Great Britain, if they extended to their utmost, from one end of the country to the other, may be put—pending any extensive economic transformation of society—at something like four to five hundred millions sterling, being only one-fifth of the total national production. The possible sphere on the Continent of Europe is at least as narrowly limited. It has therefore to be concluded, with regret, that with regard to actually a majority of the workers, and even a large majority, the industry in which they are employed cannot be brought under the control of Voluntary Associations of Consumers. The Co-operative Movement, whilst it may help them as consumers, affords, in their working lives, no alternative to the Capitalist System.—Sidney and Beatrice Webb.

The Government does not seem to appreciate the fact that groceries and provisions are distributed among the working classes chiefly through small shopkeepers doing from £10 to £70 weekly. There are four distinct channels of distribution: (i.) The old-fashioned grocer, mainly credit, a small and diminishing trade; (ii.) the multiple shop, which accounts for a large proportion; (iii.) the co-operative societies, which supply about ten millions; (iv.) the small shop-keeping classes who supply, in my estimate, at the least 50 per cent of the people.—Mr. Arthur Richardson, M.P.

The statistical position of Co-operative Societies in the United Kingdom on December 31, 1914, was as follows:

Number of Members	3,504,456
Share Capital	£46,235,849
Loan Capital	£22,833,606
Sales for 1914	£147,550,084

Total employees, Co-operative Wholesale Society, October 1916:

Distributive	12,090
Productive	16,728
Total	28,818

I. Equitable Distribution

Distribution has many meanings; for my present purpose, it may be defined as the assignment to the final consumer of his share or portion of the industrial product. I do not know whether the misconception of Socialism, as a dividing-up of the wealth of the nation, is as prevalent as formerly. I hope not; but without argument it is assumed in this chapter that the final consumer has no claim upon anything other than such products as are made for consumption. The construction of the word is not without significance. Dis-tribute—the liquidation or discharge of tribute; in reality, a return in kind for tribute exacted in labour; an admission that he who yields tribute in labour is entitled to its equivalent in meal or malt. All social and industrial theories spring from mankind's unwearied search for equitable distribution. First, it must be equitable; then as large and satisfying as human ingenuity can make it. This insistence upon the primary element of equity is in contrast with the commercial theory that production comes first and that distribution may be deferred as of secondary consideration. The ethical inferences, particularly in their bearing upon wage-abolition, are obvious. If, at the present moment, the community gave full weight to all that is implied in equitable dis-

tribution, instead of fining food-hoarders, we should hang them. The bareness of the national cupboard is teaching even the unregenerate that human needs must have priority over the claims of gold-owners. They may hoard their gold, but not food ; they may eat as much gold as they can digest, but each week they may eat one shilling's worth of meat, if they can get it. Let us hope that the lesson will be remembered in time of peace. Whether under Capitalism or National Guilds, whether in peace or war, distribution is the basis of society, the distribution of physical, intellectual, and spiritual sustenance.[1]

II. The Domestic Cupboard

Of all the economic functions, distribution comes closest to the intimacies of life. Men and women, fathers and mothers, young and old pray its aid that they may live in comfort and with such external dignity as they can command. The agents of distribution see life and minister to it, touch it as do no others. A retail grocer in an industrial district knows more about the domestic life of the community than the charity organiser ; in times of depression or during strikes he may bear the burden not only of their debts but of their hopes and fears. The milkman, calling at the door, sees more than the jug he fills. A philosophic dressmaker—if such there be—can read her customers' souls that are closed books to the parish priest. A jeweller, selling a wedding-ring to a pair of lovers, may, with imagination, for a moment glimpse the eternal. Across the street, the pawnbroker, not yet hardened to his trade, consciously traffics in the symbols of death or despair. Dante, seated for a single day behind the counter of a suburban chemist, might bequeath as a priceless heritage a humane comedy. The boot-

[1] This passage was written during the war. A year after the Armistice it remains equally true.

maker, kneeling before a customer, may sense domestic drama in the hole of the sock or its careful darning. How shall we veil our inner life from the bookseller if we buy the books of our choice? Life stands bared and hungry before Distribution, demanding board and bed.

This contact with the intimacies, the realities, of our daily existence must not blind us to the fact that distribution is an economic process, the final stage and charge on production. Even though the artist or philosopher may profitably approach his task through distributive channels, may, in consequence, clothe distribution with social or mystical attributes, it remains always a definite economic factor in the material world. But this contact with the pulse of life is also a fact which we cannot ignore. We live in families and communities; therefore, families and communities, expressing themselves through their appropriate organisation, must play their part in the business of distribution. It is by reasoning such as this that National Guildsmen argue for local representation upon the Guild distributive machinery.

In addition to the purely domestic life, with which distribution is so closely concerned, communal or municipal life comes also within its purview. It is no mere coincidence that our municipal councils are largely composed of retail tradesmen; on the contrary, these enterprising gentlemen, no doubt public-spirited, have learnt by experience how vitally their businesses are affected by municipal policy. The organisation of local life largely revolves round the centres of distribution. Trains, trams, and 'buses, the very streets themselves, radiate from the great emporia, obscuring without compunction a beautiful cathedral and always deaf to every æsthetic appeal. In many of the older towns, we still find the railway station at some distance from the heart of the city, a perpetual reminder of the days when the inns and posting establishments were strong enough to protect their threatened interests. In these days of

war, the Food Controller has had to recast his local committees ; he found that those appointed by the town councils were packed by retail tradesmen, women and co-operators being excluded.

We must, however, look to the future. Is it too much to expect that a more enlightened Labour policy shall transform municipal life and lay the foundations of a greater and more æsthetic tradition ? May we not hope that a goodly supply of high explosives shall be reserved after the war to blow away our rookeries and mean streets ? Moral dynamite, too—a revulsion from the ugliness of existing towns, when men shall say of our congested structures that there is no beauty in them that we should desire them. Public architecture (all architecture is public), public health, public education, the arts and sciences—all these belong to the locality, and must be coloured by its spirit ; must be reviewed by an emancipated body of final consumers and revolutionised in economic co-operation with the distributive agencies organised by production.

III. The Craftsman and Guild Discipline

It needs no gift of prophecy to foresee that wage-abolition spells a larger consumptive demand in quality and variety—an effective demand both from the community and the individual. Qualitative production, in the sense of industrial craftsmanship, will probably still find its impetus in the workshop and from the centre, the supply creating the demand. In my last chapter, I drew a distinction between the industrial and æsthetic craftsman, leaving the latter to subsequent consideration. I did this because it is obvious that local life, if not the inspiration, is at least an indispensable element in art craftsmanship. A group of craftsmen in Leeds will design differently and with a different result from other groups in Edinburgh, Birmingham, Bristol, or London. Doubtless, they will have much in common, because

they have a common language and literature. But their differing local traditions, habits and customs, must find expression in their work. If they fail in this, we must regretfully conclude that the centralised methods of capitalism have finally killed the *genius loci* without hope of resurrection. But I do not believe it. All to the contrary ; it seems certain that in Great Britain, a veritable heptarchy of arts and crafts waits impatiently for organic expression. Wherever these local art groups have been organised, the local spirit has promptly revolted against both common and conventional designs. Even our regiments insist upon the territorial badges, reminiscent of historic origins and traditions. I should immensely enjoy hearing a dozen pure-bred Territorials explaining to each other the meaning and history of their regimental emblems. You cannot mistake Yorkshire for Welsh choral singing, and I dare say a Lancashire brass band has its own distinctive rendering of Handel.

The genius of local life being granted, the problem remains how to fit in the art craftsman, since his work must generally be local and his talent locally appreciated. In my opinion, it will not be long before the demand for his work will be in excess of the supply. The architecture of the near future, charged with the rebuilding of dilapidated towns, will no longer be content to work on models supplied from an unimaginative centre. The revolt against conventional municipal architecture, begun by Larner Sugden, of Leek, will spread over the whole country, when the final consumer comes into his own. Interiors, with their fittings and furniture, must, of course, keep pace with the architectural advance. If I am asked why I emphasise architecture, I reply that buildings are the most accurate index of local spiritual and material conditions. But craftsmanship travels beyond bricks and mortar ; it is concerned with everything from books to fabrics.

My own solution of the problem, long since adumbrated in *National Guilds*, was that the craftsman

should gradually work free from the discipline of the Guild by creating a personal demand for his own products. The case I cited was a carver, who had gone through the usual training of a carpenter, but whose genius finally asserted itself in fine and individual carving. I predicated a special demand for his work amongst his fellow-Guildsmen, who gladly paid him privately for work privately done. In time, we find him so busy with private commissions that he cannot do the routine work assigned him by the Guild. He is accordingly released for private work, subject to payments to the Guild ensuring him maintenance in sickness and old age. It is possible that even yet this is the true solution, bearing in mind that the artist works best without restraint ; but we can reconsider it when we have discussed the functions and organisation of the Distributive Guild.

In this section, it will be observed that the argument is based upon the assumption that art and craftsmanship thrive best in the sympathetic atmosphere of neighbours and friends. But that assumption does not preclude a local growing into a national reputation, with all its attendant results. Nor does it preclude a great artist from forming his own school and attracting artists and craftsmen from other localities or countries. My only proviso is that artist and pupils alike shall retain their connection with their proper Guilds.

IV. A Note on Municipal Life

Recognising, as we must, the important part which municipal life must play in distribution, and having regard to the consolidation of production implicit in Guild organisation, it is certain that our municipal institutions must be transformed before any practicable alignment becomes feasible. Our present municipal organisation is a hotch-potch of old and new growths, without form, void of justification. Why should Man-

chester and Salford, and a dozen similar instances, be governed by two separate councils? Without inquiring, I presume it is due to the difficulty of unifying the rates and the *amour propre* of certain elected persons and officials. In the whole of industrial England and Scotland, I doubt if there is a single municipality that can really speak the mind of the community which it is supposed to represent.

My own view is that the municipal reorganisation of England must proceed on the theory of the smallest and the largest unit. The smallest unit is undoubtedly the parish, a body whose powers to-day are strictly and tyrannically kept in subjugation to the County Council. I know not how many attempts to make parish life attractive have been frustrated by the "gigocracy" that rules the County Councils. But when the official life of the Parish Council is related to distribution, it is clear that far greater responsibilities must be thrown upon it. When this is achieved, parish life will regain its long-vanished charm. It is only when the Parish recovers its economic life that "government from below"—the *mot d'ordre* of economic democracy—can begin.

It is easy to discover the smallest unit, but difficult to define the largest. The existing municipal boundaries will not suffice, for they are arbitrary in selection and partial in their effect. Transit, electric power, water, sewage, lighting, streets, roads cross and recross these boundaries, oblivious of their existence. The largest local governing unit must, as far as possible, compass all these municipal services, reducing their management to the simplest forms. Thus stated, it would almost seem as though the real boundary of the ideal large unit is the watershed. If this be so, municipal power must finally express itself in the Province, of which the French prefecture seems to be the best model. If we look to the natural configuration of the country—its watersheds, in fact—and consider how suitably each confined stretch of country lends itself to separate local

government, we shall find our Provinces naturally delimited, and, oddly enough, a new heptarchy.

With the local power of the parishes balancing the central power of the Provinces, we should not only see a new local life springing up, in its turn a counterpoise to the intellectual life of the national capitals, but we should also have a local government powerful enough to deal with the National Productive Guilds on terms of equality.

V. The Small Shopkeeper

It did not need the food-queues of war-time to convince the observant that our system of distribution is not merely inefficient but chaotic. Even if National Guilds had never been proposed, we should, nevertheless, have been compelled, sooner or later, to assume some control, possibly through the local governing bodies, over the disorganised retail system of this country. The rapid development of the centralised stores, the centipedal march of the multiple shops, the growing monopoly of food-stuffs, the obvious fact that thousands of retail establishments were "tied-houses," dummies of enterprising merchants, compelling small men to shoulder the debts while they captured the plunder—all these were gradually turning serious men towards municipal trading. The increasing cost of distribution, mainly by advertising, which inevitably fell upon the consumer—too often advertising in lieu of quality—the artificial house and ground rents thus created, falling in part upon the consumer and in part upon industry, the growing dominance of the middleman, whose function had long been exceeded, so that he could squeeze the producer on one side and the consumer on the other — these considerations were already a problem when war began. The war taught us that probably a million men and women were working at uneconomic occupations in distribution on that fateful August in 1914. Nor can we forget the malign influence exercised

by distributive firms upon our Press by the advertising lever. Distribution was in a bad way.

Beyond noting their general inadequacy, we need not here concern ourselves with the small retail shops. They were doomed in any event ; they would certainly have succumbed when, with wage-abolition, several more million intermediate consumers passed into the final class, with an effective demand far beyond their reach. Yet, if Mr. Arthur Richardson is approximately correct, these small shops cater to 50 per cent of the population. But that is only another way of saying that they are a parasite upon the wage-system. Granting that there are many " old-established " shops doing a " highly respectable " credit business in suburban areas, it is safe to assume that the great majority of retail shops live on the pence and shillings of exiguous wages. In the broad sense, they are " truck-shops," supplying only what wages can buy. Truck-shops, too, in another sense : they sell precisely what the capitalists, the present protagonists of consumption, choose to supply. They batten on the wage-system ; they must fall with it. Mr. and Mrs. Sidney Webb, in their Report to the Fabian Research Department, say :

" Apart from the very poorest people who live on the crumbs that fall from the tables of others, it is still matter for doubt whether the Co-operative Movement can attract the mass of the wage-earners in low-paid employment. So far as Great Britain is concerned, the practice of catering for the class which prefers a substantial dividend, and is willing for this end to continue to pay the prices of the retail-shopkeeper, militates against the membership of the worst paid."

If this be so, then it follows that the shopkeepers in an industrial district must supply the most poorly paid wage-earners. They certainly take under their wing all who are casually employed or subject to prolonged periods of unemployment. We are safe in presuming that any change of status, or even any widespread increase

in wages, would witness a movement of their customers either to the Co-operative Stores or to the better organised establishments. The small retailer automatically disappears with the disappearance of proletarian demand.

But Mr. and Mrs. Webb say this also :

" Just as there is a class too poor for Co-operation, so there is a class too rich. So long as anything like the present inequalities of income endure, the wealthiest part of the population is never likely voluntarily to join the ranks of the working-class Co-operative Movement. The families enjoying substantial incomes—especially when the income is received at greater intervals than week by week—are not attracted by the quarterly dividend, which they consider they have unnecessarily paid for in the prices, and they prefer the more obsequious and usually more minutely particular service of the private shopkeeper."

True ; but permit me to set it in a Guild frame.

Distinct from the suburban trader, who deals mainly with the salariat, the individual shopkeeper is concerned with the intermediate consumer. That is, more or less unconsciously, he is the agent of the employer in the supply of raw material for the maintenance of the labour commodity. We must not let his apparent economic independence obscure the fact of his agency. He is absolutely in the hands of the capitalist class, supplying the goods they determine as suitable for the wage-earners and financially dependent upon the banks to carry on the petty profiteering by which he contrives to continue a member of the middle-class. Within the limits imposed, and driven by the spur of a rather mean competition, he doubtless does his best for his clients. But his *raison d'être* is to keep the wage-earner as satisfied with his wage as the circumstances permit.

I have remarked that the small shopkeeper is a parasite upon wagery, a growth from the soil of economic subjection. May not the same be said of the Co-operative Movement ? Yes—in the sense that, in all its stages,

productive and distributive, it is practically confined to proletarian requirements, expressing in material things the life and habits of the wage-earning class ; no—in the sense that, by its organisation, it is strong enough to persist through every change of wage-earning status, and, by its democratic basis, capable of adjustment to a new order of society ; yet, again, no—in the sense that it is, in a marked degree, independent of that centralised capitalistic control so characteristic of the small shopkeeper. The capitalist says to the shopkeeper : Supply these goods or go without ; the Co-operative Society says that it will please itself. But both supply practically the same commodities, and neither protests against the wage-conditions that confine their customers to such narrow limits of demand. If the industrial distributors were with one accord to declare that they would no longer insult their dignity by supplying wage-slaves, they would bring near a moral and economic revolution. The employers rely upon them to keep their customers content with the existing economic system.

Remain the great emporia—Harrod's, Whiteley's, Selfridge's, and the like, not forgetting those quasi-co-operative societies, the Army and Navy Stores, the Civil Service, and half-a-dozen others. We may say of them that, on the whole, they supply the best that can be got for the final consumer. The Distributive Guild of the future will absorb them, relentlessly crushing out their snobbery and obsequiousness.

VI. Distribution a Stage of Production

The conclusions to be drawn from the preceding sections of this chapter are these :

(i.) Distribution, although most closely in contact with the intimacies of life, is fundamentally an economic process, the last stage of production, which only ends at the consumer's door.

(ii.) But this contact implies a reciprocal relation,

and as the family and community are vitally affected, it follows that the locality, composed of individuals *qua* consumers, is entitled to representation in the distributive organisation.

(iii.) Aesthetic craftsmanship is rooted in locality, and, accordingly, in the assertion of local interests we find a guarantee for individuality and quality in production.

(iv.) To bring local government into line with National Guilds, great structural changes are essential, notably a more responsible parish life, and a larger municipal area developing into a Province.

(v.) Existing retail organisation is chaotic and inadequate, and based upon the economic restrictions inherent in wagery.

Can these factors be reconciled in the municipal control of distribution? If the State be really the representative of the consumers, why should it not control distribution?

It is a material part of my argument that distribution is a stage, a phase, of production; that the cost of any commodity only ceases when it passes into the custody of the consumer. That means that transit enters into the cost of production, as is undoubtedly the case. It therefore follows that if the State, acting for its client the consumer, were to take control of distribution, it must also, in part at least, control transit. But the Transit Guild would be, beyond question, one of the productive Guilds. The result would be the re-entry into industry of the State, centrally or locally, when not the least of Guild motives is to exclude it from industry so that it may the more effectively apply itself to more spiritual ends. A critic might reply that the State could make equitable contracts with the Transit Guild and yet control distribution. I agree; but the ensuing friction is not pleasant to contemplate. The tendency to conciliate the consumer by throwing all blame on the Transit Guild would be irresistible. But that is the least of the objections.

All the productive Guilds, from textiles to coal, would naturally decline to put their products at the mercy of an outside body, particularly the State, which might be powerful enough to reimpose the vanquished dominance of the consumer over the producer. They would say that not for this had they abolished wagery and established the producer's mastery over his own work. If we seriously reflect on this, the only possible conclusion is that distribution must be recognised for what it is—an integral part of production—and, accordingly, the Productive Guilds must, through their own machinery, deal with the consumer. To make the State a party to the inevitable (and healthy) bickerings of producer and consumer would be to weaken its moral authority, and render it ineffective in its own sphere of action. Organised local contact with distribution, yes ; control over it, assuredly no.

VII. The Distributive Guild

The co-ordination of local supply must speedily follow the formation of the productive Guilds. The sale of their commodities by the most convenient and companionable methods would obviously become urgent. Not for ten unnecessary minutes would they entrust the work to existing agencies. It is possible that, to begin with, some of the Guilds might choose to open their own shops and warehouses and sell direct to the consumer. It is here that local consumers, through local organisations, would prove their weight by protesting against such a narrow-minded and short-sighted policy. Apart from the fact that such diffused methods are uneconomic, they would prove extremely inconvenient to all the consumers concerned. Against such a policy, even the local authorities might properly protest. And not only on grounds of convenience : such an absence of local co-ordination would preclude that representation of the consumers which we agree is

essential to effective distribution. But I do not think we need waste thought on such a possibility ; the success of centralised selling is too palpable to be ignored. A Distributive Guild is clearly indicated. One can picture the representatives of this Guild meeting a Public Purposes Committee of the local area to decide upon location, local transit, and upon the architecture of the Guild premises, not forgetting the lecture-hall, swimming-bath, gymnasium, library, rest-rooms, and (if I live in the neighbourhood) a secluded corner for a rubber of auction and a billiard-table.

What shall be the constituents of this Distributive Guild ?

First, all the productive Guilds whose goods it distributes will be represented on its Executive, or whatever its managing body may call itself. Reciprocally, the Distributive Guild will appoint its representatives to the directorates of all the productive Guilds. Secondly, representatives from the municipal bodies on the management in each area covered by the Guilds. Thirdly, consumers chosen by the general body of customers. A State municipal representative, too, I imagine on the Executive.

But what will be the *locus standi* of the general body of consumers ? Every consumer ought to be a member of this Guild by the payment of a nominal fee. Representation upon the local and central authorities of the Guild would, I suggest, derive from the business meetings of these customers. We have the Co-operative Movement before our eyes to know what to adopt and what to avoid.

Finance ? That is the affair of the productive Guilds. As the cost of distribution goes into production, the producers must finance the cost of a pound of tea until it is delivered at Mrs. Smith's home. Alternatively, the Distributive Guild may arrange for ample credits through the Guild banks. Theoretically, I insist upon three points : (*a*) the control of produc-

tion by the producer ; (*b*) that, in consequence, the producer must finance distribution, either directly by subvention or credit from his own Guild, or through the Guild bank, which he controls ; and, as a logical sequence, (*c*) the consumer should not be called upon for a farthing of capital.

This third proviso brings us into collision with the co-operative theory that the consumer should control distribution, with its corollary that, if he is to control it, he must finance it. Mr. and Mrs. Webb think that, pending a transformation of society, the Co-operative Movement can never exceed one-fifth of the national production. I suspect that the real reason is that the theory of consumer's control over distribution, to say nothing of production, runs counter to economic law. Not only economic law, but equity ; not only equity, but habit and convenience. At the end of 1914, there were three and a half million co-operators who had raised nearly £70,000,000 to compass an annual sale of less than £150,000,000. Apart from such bad finance, why should the consumer be fined so heavily to procure the necessaries of life ? It is a despairing protest against the profiteering producer. It is not that the co-operator really wants to control production, of which distribution is the final stage ; he wants to share in the producer's profits. So first he began on distribution, and has gradually worked his way towards actual production. When he started, it was the cant of the period to proclaim the dominance of the consumer. He naturally enough shouted with his Manchester master. Fundamentally, he wanted to be a producer. Even now, it is the producer who controls the Co-operative Movement. All the 28,000 employees of the Co-operative Wholesale Society are producers and not consumers. Of that number, nearly 17,000 are actually engaged on the productive stages prior to distribution. Guild organisation will ultimately absorb these. National Guilds and Co-opera-

tive theory are mutually destructive ; but we can catch something of the finer spirit behind this movement, finally adapting a large part of its organisation to the service of the final consumer.

Do we verge on some perfectionist theory of life if we anticipate that an organisation such as that I have so faintly outlined will revive local life and turn its activities into more fruitful ways ? Purged of profiteering, its wants supplied, its energies co-ordinated, producer and consumer functioning each in his own sphere, yet acting and reacting upon each other in mutual effort to achieve some substantial happiness, a local life so ordered need never lapse into torpitude. Particularly do I contemplate the revival of the deserted parish, once the germ of English national vitality. But whether in small or large groups, it is reasonable to hope that the correspondence established between production and local life will kindle into flame the arts and crafts, providing elbow-room for genius, searching it out and sustaining it, so that beauty and pleasure may come again and in the way they have always come, not to the favoured few but to all folk, simple and gentle.

VI

FUNCTION AND THE CLASS-STRUGGLE

It must be clear that no Report which sets out to secure "a permanent improvement in the relations between employers and workmen" can be consistent with the first principles of National Guilds. We seek, not "a permanent improvement in relations," but the abolition of the wage-system and of a master-class.—VIGILANCE COMMITTEE OF THE NATIONAL GUILDS LEAGUE.

The genuine Socialist cannot fight against the working-class. He must be with that class even when it blunders.—M. LITVINOFF.

The functional principle implies a continual adjustment and readjustment of power to the functions, and of the functions to the values recognised as superior or more urgent. As all men, or societies of men, will believe themselves to be capable of filling the highest function, and will claim for this function the greatest possible amount of power, it is not to be denied that the functional principle will bring about a permanent struggle, and that only eternal vigilance will prevent this struggle from relapsing into war. More than once the difficulties inherent in the application of the functional principle will cause men to lose heart and fall into the temptation of abandoning themselves to liberal principles and let the individual grasp the position he covets, or giving themselves up to authoritarian principles and let a tyrant re-establish order as best he can. But in such moments of dejection the memories of this war will act as a tonic. Men will recall that the liberal principle let loose, in modern centuries, the ambition of individuals, whilst when the liberal principle was corrected by the authoritarian the worst of monsters was unbound: the dream of universal monarchy, the real cause of world-wide wars. And then they will realise that it is worth while going to the trouble

of binding the individuals, the authorities, and the nations in the functional principle; for only thus will it be possible to spare the world the repetition of these horrors.—RAMIRO DE MAEZTU.

I. THE CLASS-STRUGGLE

IN the preceding discussion on producer and consumer, it is presumed throughout that the commodity valuation of labour must be rejected, or, in other words, wagery must be abolished. Guildsmen, with damnable iteration, must reiterate that wage-abolition is the foundation of National Guilds. When, therefore, from the inevitable mental confusion of the uninitiated emerged the popular idea that the Whitley Report was a practical acceptance of Guild principles, it was imperative that Guildsmen, in no uncertain accents, should proclaim the abyss that divided them from any proposals that predicated the continuance of wagery. The Vigilance Committee of the National Guilds League were quick to assert that "we seek, not a 'permanent improvement in relations,' but the abolition of the wage-system and of a master-class."

It is here that we discover the germ of the class-struggle. The class-struggle and not the class-war—*lutte de classe* rather than *guerre de classe*. If we can regard it in a detached spirit, we shall find that it is not primarily a struggle for mastery of one class over another so much as a struggle *in classes* to secure ever-improving conditions. Thus, a Trade Union aiming at higher wages is not consciously struggling to overcome the master-class but merely to better the conditions of the wage-contract. It taictly accepts the capitalist system, yet continues its class-struggle. But the spirit and direction of the struggle are changed when one class consciously claims economic dominance over the other, on grounds either of equity or function. The class-struggle is ultimately transformed into a class-war when capitalism, finding its function exhausted and its

justification gone, resorts to a Capitalist-governed State to maintain it in power, first by starvation, then, that failing, by the police, finally, by military force. It is not always easy to distinguish where the class-struggle merges into the class-war. The struggle is unceasing ; the war is sporadic. The difference may be expressed in the terms static and dynamic.

Nor is the distinction merely academic. It is vital ; for it involves the searching question whether we shall settle our economic problem by a resort to reason or to force. If the master-class, when faced with the settled determination of Labour no longer to sell its labour as a commodity, accepts the inevitable without further demur, the struggle between class and class is ended and a new struggle between function and function is begun. Señor de Maeztu does well to remind us that even this new struggle, happily conducted on a higher plane, may, in its turn, degenerate into war. Eternal vigilance is not only the price of liberty but of peace.

In so far as it remains a struggle—that is, follows its normal course—we can apply our critical or constructive faculties to the processes of life, with such social or economic changes as reason or influence may determine. But when war begins, law and reason lapse, and the gods decide whether we are to pass into a better ordered society, or into anarchy and chaos. When war begins, not only does reason fly the field, but the finer and more nicely balanced issues disappear into the black and white of the war chess-board. Each man must decide on which side he will fight ; his intellectual reservations must remain in suspense. This, I presume, is what M. Litvinoff means when he says that no Socialist can fight against the working-class, even when it blunders. But if he means that in normal circumstances we must support the working-class, right or wrong, then one cannot dissent too strongly. It would be the justification, long sought, of the nationalist, with his discredited motto, " My country, right or

wrong." In a class-war, we have a confrontation of classes, aligned on an economic basis ; but the normal struggle involves other considerations, not least a patient exploration of the principles of society and a constant revaluation of function. The need for this becomes clear even in the titanic class-war now raging in Russia, the dominant faction being represented in England by M. Litvinoff. M. Nikolai Rubakin, a popular Russian author, writes in glowing terms of the Maximalist revolution. We are told that "the whole of Russia has transformed herself into the most absolute democracy in the world, as we must acknowledge, even if we take the anarchy into account. Russia is at the present time covered with a network of every possible germ-cell of self-government—Councils, Committees, Commissions, etc., for the greater part based on universal, equal, and secret franchise. . . . A number of Agrarian Councils, which are chiefly composed of simple peasants, many of whom cannot read or write, but are, nevertheless, showing themselves capable of grasping the most complicated agrarian questions with extraordinary exactitude, and who approach this cause as though it were a religious ceremony, are working out the material form for an unprecedented system of agrarian reform." Even the factories are feeling the effects of the new régime, the eight-hours day, and even the six-hours day, being adopted. A cataract of intellectual life has been loosed, flowing over the broken dam of Tsarism. All of which strengthens the democrat in his belief that democracy is the reservoir of spiritual and economic power. But M. Rubakin begins to doubt. "Every one demands something, every one speaks of rights, but scarcely any one speaks of duties." If for "duties" we read "functions," we begin to realise that blind support of the working-class, even when it blunders, may become a subtle form of infidelity. Without inquiring too closely into the persecution of Kerensky, or the

suppression of the Constituent Assembly, we are not far wrong in assuming that a class-war relentlessly waged without a real appreciation of function or duty, waged purely on class lines, may bring disaster in its train. The National Guildsman may pointedly add that the Soviets, being industrial bodies functioning in the alien sphere of politics, brought the Germans to the gates of Petrograd.

The conclusion is that the class-struggle does not comprehend all the activities, and must be related to life as a whole if its fruits are not to turn to bitterness.

II. The Capitalist Defence

We are compelled, on this train of reasoning, to inquire whether any good thing can come out of the master-class. Is its purpose purely that of exploitation, or do more permanent functions inhere in it? Is it the creature of historic development, or has it consciously and purposely guided events to its own aggrandisement and to the horrors of existing social conditions? If the answer to this last question is in the affirmative, then it is a criminal conspiracy, a predatory combination, calling for merciless extirpation.

For my part, I am not minded to quarrel with history. Capitalism was originally a reaction from the inertia of the mediæval guilds, subsequently stimulated by feudal oppression. It was the child of its period, and it seems futile either to praise or condemn it. If I were its apologist, I could make out a tolerably good case for it, from its inception down to yesterday. It has a record of great achievements to its credit, even though it has cut a swath of mutilated men, women, and children, and left a trail of unspeakable cruelties. Upon its inherent vulgarity, its debasement of moral and intellectual life, it were superfluous to enlarge. The business man of to-day stands morally in a low grade. His banker's reference is no criterion of char-

acter. Yet there he stands, not quite so dominant as formerly, more than a little puzzled, but still undaunted.

The capitalist rests his defence on two grounds : (*a*) that he has led, managed, and ventured ; that for his leadership and management he is entitled to remuneration and to profits commensurate with his risks ; and (*b*) that whatever he has done, whether good or ill, whether cruel or human, he has had the sanction of law and public opinion. The second ground seems indisputable, particularly when we remember that even the exploited working-classes have not until recently fundamentally disputed his claims, accepting the wage-system, without protest parting with the product of their labour to the capitalist in exchange for the commodity price of their labour. But law and public opinion may withdraw their sanction, and, consequently, that defence may be penetrated ; is, in fact, already pierced in more sectors than one. It is, then, to the first defence we must look if we are to discover any continuing function of social value in the master-class. Is it true that he has led and managed ? It is. But is it true that leadership and management are his monopolies ? It is not ; but it is true that circumstances have developed these faculties in the master-class when circumstances have precluded or retarded their development amongst the wage-earners. One has had the training ; it has been denied to the other. Allowing for many exceptions, it is the training of an hereditary caste. Now, whether we like it or not, management is a function, and if generally it reside in the existing master-class, it can hardly be denied that the functional principle cuts across the class-struggle, to the extent that Labour depends upon management, to the extent that, in the transition to the new order of society, management can be separated from exploitation and utilised in the public interest. The Labour guns must be levelled at exploitation ; if they destroy management, they may retard the economic change we seek : may, by the lack

of efficient management (as in Russia to-day), create a reaction, and so defeat the purpose of the revolution.

In this connection, it may be well to note carefully the growing importance of a function in itself. Mr. Sidney Webb has recently been trying to define it.[1] "What we are concerned with here, whether we are considering any grade of managers or superintendents, is the quite distinct profession of organising men—of so arranging and dictating the activities of a band of producers, including both brain-workers and manual workers, and to create amongst them the most effective co-operation of their energies in achieving the common purpose. What the manager has principally to handle, therefore, is not wood or metal but human nature; not machinery, but will." "In my opinion, the profession of the manager, under whatever designation, is destined, with the ever-increasing complication of man's enterprises, to develop a steadily increasing technique and a more and more specialised vocational training of its own; and to secure, like the vocation of the engineer, the architect, or the chemist, universal recognition as a specialised brain-working occupation." Nor is the manager to be concerned with profiteering; his skill is to be applied without regard to profits and losses; "his concern is primarily with output, not profits." And so we come to Mr. Webb's conception of the efficient works-manager: "He who makes his industry efficient in quantity and quality of product in comparison with the human efforts and sacrifices involved."

Whilst, therefore, National Guildsmen cannot compromise with the wage-system or with a master-class—both have outstayed their welcome—we have not been unmindful of the non-manual functions, and have declared that there is both room and welcome for them in the National Guild. Here, nascent, is the functional principle, but, as yet, juridically unrecognised.

[1] *The Works Manager of To-day* (Longmans, Green & Co.).

III. Class Deposits

Apart from the definite economic function of management, is there no other deposit of social value in the master-class? It would be monstrous if, after generations of control not only of industry, but of education, of access not only to wealth but to culture, the governing classes should bring nothing in their hands but a certain skill in management. Such a result would prove the intellectual bankruptcy of the nineteenth century. Have we not heard it said that the triumph of economic democracy would mean the starvation of the arts and sciences? Is not this at bottom the Conservative, as distinct from the Liberal, defence of the existing system? But I need not labour the point, because we can hardly deny to the British governing classes a certain quality, as indefinable as manners—personality.

The close observer might with truth remark that the rich and favoured of Great Britain have been criminally negligent of their intellectual opportunities; that their mentality is something to seek. In my own experience, in cosmopolitan company in various parts of the world, I have too often found the Englishman less mentally equipped than Frenchman, German, or Spaniard. But almost invariably he carries most weight by investing his platitudes with personality. There was a time, not far distant, when even that quality seemed to be disappearing. The younger generation of the wealthier classes, released from the responsibility of management, their funds in joint-stock companies, either frequented clubs and race-courses, or scoured the world in search of game, furred or feathered. There was a noticeable increase of intellectual vacuity and moral slackness. If the war has done nothing else, it has toned up our officer class, which is broadly representative of social and political power. There has been an accession of personality amongst the officers and of

discipline amongst the rank and file. But let the masters beware : discipline is not docility ; may, if put to it, trample upon docility behind barricades. In mentality and exact knowledge I fancy a youth from a council school is the superior of a youth of equal age in Eton or Harrow. But in personality. . . .

With something so intangible, it may be best to illustrate. Here shortly are the life-stories of two men of equal age, and both friends of mine.

John Temple is the son of a prosperous merchant. He was born into a comfortable home, surrounded by a religious atmosphere, and early subjected to regular habits. He was sent in due course to a public school, where he was simply but plentifully fed, and went through the usual curriculum, partly classical, partly modern. From the first, the ambition was sedulously implanted to cut a gallant figure in outdoor sports. He was practically always in training either for gymnastics, rackets, swimming, football, or cricket. He developed the habits of good sportsmanship—courtesy, chivalry, and loyal team-work. Above all, he was by constant suggestion impressed with his future, in which he would be the master of men, first in his own business and later in politics and social affairs. To the power of the purse were to be added uprightness, reliability, consideration for his equals and those placed under him. No weakness ; always strength of purpose. Ideals, of course, so long as they were conventional, but he must steadily guard against subversive notions, which would have a disquieting effect upon his work. This was best secured by keeping in with his own set. Tone and good manners were essential.

Being destined for business, he did not go to the University, but straight into the counting-house. The death of his father prematurely weighted him with responsibility. Alert and intelligent, he was quick to see the importance of facts, of a true and reliable balance-sheet, of the statistics of his trade and of the trades

with which he dealt. That carried him to national statistics and international problems. His business had considerable connections with America. He was not content to accept second-hand evidence of affairs across the Atlantic, so accordingly we find him frequently crossing, and not only transacting his immediate business, but comparing notes upon management, production, transport, trusts and control, and all the problems incidental to commerce. He had learnt at school the value of team-work, so it was hardly surprising to find a profit-sharing scheme adopted. His family training had taught him not merely the value but the duty of sympathy with those in trouble. He adopts a benevolent scheme and personally visits his employees when sick. An employee, on the birth of a child, finds a five-pound note in his pay envelope. It is hardly surprising that he secures the enthusiastic support of his staff and workmen. "Mr. John" has a way with him.

His position established, he marries a woman of character, who regulates his domestic concerns and seconds his efforts, whatever they may be. He devotes time to his children, teaches them games, and attaches them to him. It is all done systematically. He sees ahead a clear six months of comparative quiet. Trade is normal, demand and supply about balance each other, prices are steady. So he buys the latest and best guns and rifles, and camp outfit, and all the paraphernalia of a hunting expedition. He gives personal attention to every detail. At Nairobi he is equally particular in choosing his head-man and the long string of porters. He comes back with exceptionally good specimens, which you may see in his hall and study. When the war comes, he promptly offers his services to the Government, and he is there to-day, without salary or self-seeking.

As the years fly past, his friends learn to trust him, seek his advice, lean upon him. He does not dis-

appoint them. Always he is so busy with one thing or another that somehow he finds no time to open a book, to weigh an idea, or to stimulate his imagination.

Of the economic value of his managerial function there can be no doubt. Is his personality the product of his class environment and valueless in a new society?

My friend Tom Wilson has a very different history. He is the son of a carpenter, and was born in a jerry-built house in a mean street of an industrial town. His parents were Nonconformists, and did their duty by their son. When he could toddle he played on the pavement, and sometimes his father or mother would take him to the park. All too soon, he was sent to an infant school (he was less of a drag upon his mother there), later to the Board and to Sunday school. Tom never experienced actual poverty, but, when his father was unemployed or on strike, he went on short commons. He left school at the age of thirteen, and became message-boy for the grocer, who was deacon at the chapel. For six months he brought his mother home two-and-six a week, later five shillings. He occasionally got a penny or two from the customers, which was spent as boys spend pennies. At fifteen his father apprenticed him to a trade; at eighteen he was an improver, at twenty a journeyman. Separated by this time from his parents (capitalism breaks up family life), he was lonely and uncomfortable in "digs," and soon began "walking out" with a comely girl, whom he soon married. He had already joined his union, attending the branch fairly regularly.

Each Saturday morning Tom would allot so much of his wages to rent, so much to the Oddfellows, so much to the Prudential, so much to beer and baccy, so much to his union, the rest to his wife. His beer and baccy money and his union subscription he would pocket, his wife disbursing the rest. I remember once when visiting Tom on a Sunday afternoon that his wife opened a

cupboard door, showing me little envelopes in which the money was separated as she and Tom would arrange. There was no spare money.

The trade union branch meeting was a weekly event with Tom. The business was generally tedious, but he would talk of other things with his friends. In time he was appointed to some office, and gradually grew in influence. He was steady and reliable ; his mates trusted him.

About this time he read Bellamy's *Looking Backward* and Blatchford's *Merrie England.* He joined the I.L.P. He did not like the S.D.F., which he regarded as irreligious ; there was something hard and unsympathetic about it. At election times, whether Parliamentary or municipal, he would draw five shillings from his savings as a subscription to the funds, and spend all his spare time working for the Labour candidate.

In this wise, Tom has spent the years. He is the same age as John Temple, but is physically twenty years older. His employers have drawn out of him his surplus energy. At night he reads a page or two from some book, or the *Labour Leader* or *Reynolds*, but he is generally fatigued, and the " hooter " hoots at six o'clock in the morning. So he is in bed by ten o'clock as a rule. On Sunday he lies on till nine o'clock, has a leisurely breakfast, and so to chapel.

Tom's life, if you measure it in self-denial, is more heroic than John Temple's ; but it is infinitely more circumscribed. Where Tom Wilson thinks in shillings, John Temple thinks in thousands. Tom Wilson turns over £100 a year, John Temple £1,000,000. Yet Tom, too, has personality, very attractive in its modesty and quiet endurance. But John Temple has capitalised his personality, whilst Tom Wilson's has gone into his work, as though it were nothing.

The truth is that the new society will have no use either for John Temple or Tom Wilson in their existing

capacities—the one a master, the other a wage-serf. But when we remember the devitalising effects of capitalism, its moral and intellectual debasement of the master, its physical and social debasement of the servant, we shall discover that our national wealth in personality has depreciated ; that we cannot afford to disregard personality wherever it can be found. What must be done is to throw both the master and proletarian personalities into the melting-pot. The resultant amalgam will profoundly affect the future destinies of our own country and the world.

IV. Personality in Work

The foregoing is the first and not the last word on personality. National Guildsmen have something more specific to say upon it. It is their contention that the commodity valuation of labour, by ignoring personality, strikes at the worker's most sacred possession. When the worker recovers it in enfranchised form, when he knowingly puts it into the product (from which he is no longer divorced by the wage-payment), a new era of qualitative production will be begun. Even those who are engaged on production which is necessarily quantitative, if denied the joys of craftsmanship, will nevertheless compensate themselves in procuring as consumers the best of the craftsman's skill.

V. Subjective Rights

Nothing here written must obscure the plain fact that the class-struggle is the dominant element in social statics, as is the class-war in social dynamics. But an examination of certain qualities in certain classes causes a doubt whether there are not other factors to be taken into account, other principles that transcend the purely economic theory of class confrontation. Creates a further doubt, if Señor de Maeztu will forgive me,

whether these qualities, although "subjective," residing in the individual, may not be found to be social "objects," things in themselves, possessing "primacy." Even if we declare the "primacy of things," recognise that men cluster like bees round some "thing," be it a football or a church dogma, from whence all associations arise, our doubts are not resolved. If a church dogma be a "thing," so also may be personality or liberty. Amongst the "ends" or "things" sought by education (itself an instrument) are personality and the development of potential citizenship. Certainly I can conceive an association seeking personality or liberty, not by the assertion of subjective rights, but in an objective spirit and with an objective end.

Let us then consider the case of a deposed master-class. Let us assume that this class possesses faculties of social value, the gift of management, personality, or what not. Let us still further suppose that this class retires upon what compensation equity grants it (always remembering that not one farthing of compensation is paid for the loss of the control of the labour commodity), retires and sulks, declining all assistance to the new régime. The community assuredly will have something pertinent to say to these pocket Achilles. This, perhaps: "Gentlemen, you are the inheritors, and still inherit (even though dispossessed of economic power) qualities and faculties acquired by your class at our expense. You must act as men and not as sulky babies, and we accordingly expect you without further nonsense to put all your capacities, which we require, at our disposal. Your refusal will be a crime, and the punishment will not be to your liking." What if they become conscientious objectors?

The question of personal liberty is raised. These conscientious objectors, in effect, say that they must have full liberty "to grasp the position they covet," or to stand idle, or even to conspire for the counter-revolution. No doubt there is something in this of the liberal principle,

even though we must not forget that Liberalism has no monopoly of liberty or the concept of liberty. Broadly put, and allowing for recent changes in the temper of Liberalism, the liberal principle still stands for only such restrictions of personal liberty as are necessary to the maintenance of the power that guarantees the liberty. Señor de Maeztu's alternative principle is to bind individuals, authorities, and nations in definite functional activities, and to establish juridical power, backed by force, to maintain it. It seems difficult to deny the proposition that the end is greater than the association ; that "rights arise primarily from the relation of the associated to the thing that associates them." My difficulty is not to deny the truth of this, but to discover its limits, to ascertain how far, if carried to its extreme, it may infringe upon other principles equally precious in human association. But so far as its economic application is concerned, it justifies resort to compulsion where there is non-compliance with the assignment of functions in the public interest. I see no infringement of personal liberty in compelling men to return to the community what they and their ancestors have received from the community. This is not the negation of personal liberty, but the necessary nurturing of the commonwealth in which personal liberty thrives.

In the light of history, who can doubt that it has been the assertion of subjective rights, through the media of monarchy, economic power, law or custom, that was the predisposing cause of the great human tragedies ? Democrats would be foolish or worse to let continue an order of society which permitted subjective rights to function to the detriment of mankind as a whole. I do not doubt that it will find in the functional principle an instrument of escape. But let us beware lest in driving out one devil we admit another. I shall not argue, but only assert that personal liberty, restricted but protected by law, has been of priceless value in the body politic. That the functional concept clashes with the concept of

personal liberty is assumed, rightly or wrongly. I can see it so wisely applied that personal liberty is enlarged ; so peremptorily applied that we may find ourselves the victims of a mechanical tyranny no less galling than in the days when subjective rights held sway.

VII

NATION, STATE, AND GOVERNMENT

In the most formal manner, now, we assert that the material of all the Guilds ought to be vested in the State; the monopoly of the Guilds is their organised labour power.—*National Guilds.*

Broadly stated, these are the reasons for our belief that the State, with its Government, its Parliament, its civil and military machinery, must remain independent of the Guild Congress. Certainly independent; probably even supreme. That will ultimately depend upon the moral powers and cultural capacity of the nation's citizens. Having solved the problem of wealth production, exchange, and distribution, we may rest assured that a people thus materially emancipated will move up the spiral of human progress; that out of this movement will grow a purified political system, in which statesmanship will play its part.—*National Guilds.*

The problem of the modern State is to give free play in their appropriate environment to the economic and political forces respectively. We have seen that they do not coalesce; that, where they are intermixed, they not only tend to nullify each other, but to adulterate those finer passions and ambitions of mankind that ought properly to find expression and satisfaction in the political sphere. . . . With the achievement of a healthy national economy, the problem of statesmanship will be to transmute the economic power thus obtained into the highest possible social and spiritual voltage.—*National Guilds.*

We can act in so far as we have knowledge. Volition is not the surrounding world which the spirit perceives; it is a beginning, a new fact. But this fact has its roots in the surrounding world; this beginning is irradiated with the colours of things that man has perceived as a theoretical spirit, before he took action as a practical spirit.—Benedetto Croce, *Philosophy of the Practical.*

In every man there is at once the solitary and the citizen. The solitary escapes not only the power of the autocrat, but the power of the community as well. The citizen and the city, however, are one and the same thing.—RAMIRO DE MAEZTU, *Liberty, Authority, and Function.*

What is a State? A State is nothing more or less than the political machinery of government in a community.—Mr. G. D. H. COLE.

The problem, I admit, cannot be left where it stands: if the old Sovereign of Collectivism and the rival Sovereign of Syndicalism are alike dethroned, it remains for Guild Socialists to affirm a new and positive theory of sovereignty.—Mr. G. D. H. COLE.

The future of society does not depend merely on the play of the material forces which Mr. [J. A.] Hobson sets out in order of battle; a new moral world is in formation, and fresh creations of the soul and intelligence of men are arising to people it.—*The Nation.*

I. SOME THEORIES OF STATE

THE industrial reconstruction implied in National Guilds obviously involves a corresponding change both in the theory and structure of State and Government. The control of production, implicit in Guild organisation, with its correlative problem of the status of the consumer, has already induced two theories amongst National Guildsmen, both profoundly affecting, each in its own way, our conception of the State and its administrative arm, the Government. The one school sees in the State the natural protagonist of the consumer, evolving in consequence a theory of co-sovereignty, a balancing of political and economic power, out of which "the individual hopes to be free." "If the individual," says Mr. Cole, "is not to be a mere pigmy in the hands of a colossal social organism, there must be such a division of social powers as will preserve individual freedom by balancing one social organism so nicely against another that the individual may still count." The other school sees the spirit eluding any such mechanical balance, even if it could be adjusted, and looks to a new conception of the State, as the sovereign expression of citizenship;

not, to be sure, a metaphysical entity, but an organised power released from economic entanglements, and, therefore, free to apply unhampered those metaphysical or spiritual principles which mark an emancipated people. It will be part of my task in this chapter to discover whether these two theories, both logically argued from different premisses, may not be reconciled in a higher synthesis.

Whilst these two divergent theories are in the minds of National Guildsmen, there are other schools who have already condemned the State, not only as an evil thing in itself and repugnant to democratic principles, but as the sword and buckler of the privileged classes, and possessing no other function whatever. Certainly, the State has a sinister reputation to live down. The overwhelming mass of the workers know it only as an organ of oppression, arrogantly assuming autocratic power under the guise of political democracy to subserve plutocratic ends. Its outward forms, its mock-majestic ceremonials, its sumptuous courtliness, its aspects of polished ignorance, its graceful indifference to reality, or, rather, its apparent acceptance of life as "*une charmante promenade à travers la réalité*," its affectation of leisured ease spent "in the perfumed palaces of the great, under the canopies of costly state and lulled to sleep with sounds of sweetest melody"—all these glittering trappings under the attrition of war and the pressure of political necessity grow shabby and less deceptive.

The drab administrative side of State life, hitherto hidden from the public view, is also coming under scrutiny. For not only do National Guilds predicate a vast devolution of the work now done by the Bureaucracy, but the functional principle involves a new analysis of bureaucratic activities, and, as we shall see, a re-statement of the relations between State and Government. "The political thought of the last few decades," says Señor de Maeztu, "has been so concentrated upon disputes between Capital and Labour that it has not

considered the problem of Bureaucracy as the problem of an autonomous social class, with specific interests of its own." After reminding us that Marx regarded the executive power of States as "a committee for managing the common affairs of the bourgeoisie," he defines the views of Bureaucracy held by the Katheder-Sozialisten in Germany and the Fabians in England as "the instrument of Divine Providence for the solution of social problems," and proceeds : "What neither party had noticed, but what a few isolated voices had declared here and there to be a fact, was that the supremacy of the Bureaucracy was nothing more, primarily and essentially, than the supremacy of the Bureaucracy." We must accept this thesis with reserve. Of the power exercised by the Bureaucracy there can be no kind of doubt ; but is it a power inherent in Bureaucracy, or is it a power otherwise derived which finds in the Bureaucracy its most powerful support ? The soldier of fortune may grow so powerful that he can jump the legitimist claim ; the manager of a business may make himself so indispensable to his employer that he may force a reluctant partnership. In both these instances, however, it is evident that the power is only formally granted with the change of status ; until that is effected the soldier remains a mercenary, and the manager a servant, the power, formal though it be, residing elsewhere. However dangerous argument by analogy may be, it holds true, I think, in this case. The moment Bureaucracy discards its warrant as the disciplined instrument of administration, a constitutional revolution is accomplished, and Democracy formally abdicates. But this is not the course that events are taking. The battle is being fought over the heads of the Bureaucracy, which now contemplates, not the usurpation of sovereign power, but a change of allegiance. Subject to the fresh light thrown upon the problem by the functional principle, a debt we all owe to Señor de Maeztu, I see no reason to modify what I wrote in 1912 : "The advent of the

Guild does not mean the departure of the bureaucrat, but it involves a change of heart and a sharp turn from the traditions of his order. Although by birth, breeding or education, his life and sympathies are bound up with the governing or plutocratic classes, he, nevertheless, is not a man of large means. He protects the plunder of his social associates ; he seldom shares it. He is the poorly paid tutor in the rich man's mansion, in the family but not of it ; he is the eunuch in the palace. . . . It is a commonplace that the expert is a good servant but a bad master : so also is the bureaucrat. When, therefore, economic power is transferred from private capitalism to the Guilds, the whole spirit of bureaucracy will be subtly changed. It will cease to be an instrument of administrative oppression ; it will revolve round a new axis and in a new atmosphere." [1]

We must carefully distinguish between the power acquired by bureaucracy as an organisation—a power which it properly shares with all professional associations, and in accordance with Guild principles—and the powers adventitiously thrust upon it by the existing confusion of functions exercised by the State, as an entity in itself, and the Government, as the administrative organ of the State. We cannot refuse to Civil Servants the same rights of self-government that we grant to industrial organisations or to teachers or doctors ; but we must ascertain how far the powers acquired by the bureaucracy can be restrained by definitely binding it to precise functions. But these remain indefinable until we have first examined and settled the exact relations to be established between the State and the Government.

I do not know to what extent modern theorists have considered the vast changes in the Governmental machine caused by the departure from *laissez-faire* during the past generation. Any such study must take into its purview the extension of municipal activities. The general impression made upon my mind by these changes

[1] *National Guilds*, p. 224.

is that we have lost whatever conception we had of the different sanctions attaching to State and Government ; that the two terms have become almost indistinguishable. Thus, we have Mr. Cole defining the State as the political machinery of government. This seems to me to make the greater the servant of the less. My own conception rather leads me to the conclusion that the Government, in all its ramifications, derives its authority from and must ultimately have its functions defined by, the State, which I regard as the organised expression of citizenship, and, therefore, the sovereign authority.

If, however, State and Government are Siamese twins, of equal power and vitality, then I can understand, and even sympathise with, the other school of thought to which I have referred—the Marxian School which sees a State and Government as a unit unchanged and unchangeable in its determination to exercise power in the interests of the privileged classes.

II. Citizenship

The term " National Guilds " presupposes a nation ; a nation remains inarticulate without the State as its vocal organ ; the State, in its turn, is impotent without governmental machinery to give effect to its policy and purpose. That machinery will naturally be simple or complex in correspondence with the simplicity or complexity of the communal life. But just as the State derives from the national consciousness, so the Government obtains its sanction from the State. In a pure democracy, it is evident that all three entities would respond harmoniously to each other, the State voicing the sentiment of the citizens, the Government administering affairs in obedience to the Executive Authority. A trinity in unity.

If we could detach the Nation from the State, we should find it little more than a complex of ideas, the fruit of tradition, history, art, literature, and that pervasive

sense of national spirit and consciousness that springs from a life lived in common through many generations. We may welcome or deride national sentiment ; we should certainly be foolish to deny its existence or to disregard it as a dominant factor in the affairs of mankind. It is, however, easier to sing about it, or even to die for it, than to define it. Mazzini laboured at the problem, and, finally, got little further than the aphorism that fellowship is life, and lack of fellowship death. We know, too, that the forcible denial of national life intensifies the sentiment and never kills it. Ireland is the classic instance. For seven centuries, its national claims have been not only denied but brutally abused, with the result that to-day the sense of nationality is more than a preoccupation, it is an obsession, exhausting to itself and dangerous to the British Empire. On the other hand, a national sense that remains sovereign in quality may soar high in art and ideas, as in the Greek Republics, or, caught in the ever-widening net of industrialism, may develop into a degrading Imperialism. The sense of nationality penetrates all our problems; we cannot escape it. I would not if we could. Confronted with the poignant drama of the war, I see beyond these voices an even greater national soul-adventure, when the nations, each according to its spirit, seek to apply the lessons of the war to world-problems. The solutions of these problems will be permanent or temporary as we obey the spiritual promptings of the highest citizenship.

This citizenship, this sense of nationality operating in the individual consciousness, is the greatest fact in the life of a democratic people. As the greater contains the less, so citizenship contains and comprehends the lesser motives and interests. These motives and interests, important though they be, must ultimately merge into the will of citizenship, realising in it the sovereign power. It is not mere rhetoric when we counter " the sovereign will of the monarch " with " the sovereign

will of the people." It is a declaration of democracy. It envisages no balance of power ; it knows no checks or counterpoises ; it is an ultimatum that the will of the citizens, in their civic capacity, shall prevail over every sectional interest, economic or functional. Its decision is the greatest of national sacraments.

A moment's reflection, however, will convince us that the citizenship here prefigured must not be subjected to an industrial system that robs it of economic power. That means the continuance of " passive " citizenship ; it is only when the citizen controls his own labour-power, through the Guild monopoly of labour, that he can achieve a real, as distinct from a political, democracy. Broadly stated, the Western nations recently at war with Germany are political democracies, yet their " active " citizenship is as yet embryonic. Apart from their material and immediate advantages, the social value of National Guilds is that they complete the process of democratisation. The " passive " citizen already politically enfranchised finds final freedom when released from the servitude of wagery. Thus enfranchised, his mind is also released from the anxieties of the daily wage, and consequently is free to deal with the larger problems that confront him, not as a wage-slave, but as a man and a citizen. Economic freedom is, no doubt, an end in itself ; but, when viewed in perspective, it is a minor operation in the campaign for a richer and more complete national and personal life.

III. Administration

Assuming, without further argument, the reality of national life and sentiment, the next step is to discover the organism through which it expresses its sovereign will. On every ground, historical, constitutional, legal, practical, the State is properly and inevitably that organ. The assumption that underlies most anti-State criticisms is that the State changes neither in form nor purpose ;

that it is to all intents and purposes the same State that ruled in the days of absolute monarchy, the same State that ruled under a limited monarchy, the same State that to-day rules in the interests of the plutocracy. It is not the same State in many vital particulars ; the political franchise has influenced State affairs in many directions, but all these States have had one thing in common : their policy has been based on the exploitation of labour. And if a Labour Government were installed to-morrow, as recently in Australia, the same policy would prevail unless the wage-system were abolished, and National Guilds instituted and recognised as the organised monopolies of labour-power.

Yet another important change in our system of government must be noted, and its effects considered. In recent years there has been such an extension of government in the economic and municipal life of the nation that it is now extremely difficult to know where the Executive ends and the Administrative begins. In 1893, when the Executive determined to intervene in the matter of unemployment, it got no further than a circular from the Local Government Board recommending certain relaxations of the Poor Law. To-day, a policy would be forced on the local authorities by ukase. In like manner, the Home Secretary reserves large powers of initiation by way of Orders in Council. We have in these and many similar cases a curious confusion between the Executive and Administrative authorities, wherein functions are disregarded or overridden. The result, generally stated, is that we have no clear differentiation between the State and the Government, the Government being properly the administrative organ. But this confusion of function has precedent behind it ; it is the sequel to the monarchical régime, which knew no distinction between the State, which in those days represented itself and not the nation, and the governmental organisation, which was only concerned to give effect to State policy. If, however, Democracy supplants

Autocracy (however tempered by the modern spirit), it follows that we must recast our whole system of government, and recognise the fundamental distinction between the State, as the mouthpiece of citizenship, and the Government as the organisation that works out in detail the will of the citizens expressed through the State.

An important deduction follows from the concept of the State as the sovereign representative of Democracy : that whilst the only function (if function it be) of the State is to express the will of the people, the functional principle must operate throughout every Government Department, all functions being derived from the State. But the democratic principle must also operate in government, precisely as it would operate in the Guilds, productive or civil. This is to say, that subject to the function imposed, self-government in the Government Departments must be fully conceded. The Guild principle is just as valuable in the Colonial Office as in the Post Office, in the Local Government Board as in the Engineering Guild. All these associations are composed of free and " active " citizens, and are only limited by the four corners of the charter in which the State defines their functions.

This confusion (which tends to grow) between State and Governmental organisation accounts, I think, for certain criticisms which have been made upon two statements of mine upon the nature of the State. I have asserted (*a*) that the business of the State is essentially spiritual, and (*b*) that whilst it is the formal origin of function, it is itself functionless. I shall deal with the first point in the succeeding section ; in regard to the second, I have already written that it is the function of the State to act as the mouthpiece of the citizen body. But, strictly, this is not a function, for the essence of a function is that it can be so defined that its agents may know precisely what they are to do and not to do. This so-called function of the State is rather a mission, a

responsibility, a continuing task to interpret faithfully the citizen will. That and more : for it is given the power by law, and in the last resort by force, to impose the citizen will upon any recalcitrant individual or section of the community. That is why the military and naval forces owe allegiance to the State and not to the Government : need only obey the Government when satisfied that it acts with full State sanction. Fundamentally, this is why a citizen army must supplant the professional army. Military science and the maintenance of cadres are doubtless administrative functions ; but the army to fight with must be consciously of citizen origin, consciously and deliberately in harmony and touch with citizen sentiment. In like manner, the judiciary, from the highest judge to the most insignificant magistrate, owes allegiance to the State and not to the Government : can only support the Government, in any of its acts by any of its departments, if the Government function be neither exceeded nor abused. It is a high crime and misdemeanour if and when the Home Secretary circularises or otherwise communicates his views to judges or magistrates upon cases about to be tried. Strictly, it is treason, for it is the assumption by Government of the State prerogative.

If the distinctions here drawn between State and Government are the merest elements of constitutional law, they are, nevertheless, not only necessary to my argument, but peculiarly valuable to bear in mind at the present moment. We hear to-day a great deal too much of democratic administration, of Labour representatives acting upon this or that administrative committee, of local opinion being consulted or represented, of trade representatives to give expert advice. There is nothing of democracy in this : rather the reverse ; it is the exploitation of the democratic idea by a non-democratic governmental organisation, which retains the power and devolves the responsibility. Democracy without power is a contradiction in terms ; it is the egg-shell without

the egg. You cannot have a democratic administration without a democratic State, because the power administered comes from the State. The problem, therefore, for all Democrats, not least National Guildsmen, is to seek full citizen power and ensue it. That nice balancing of power, those checks and counterpoises, that Mr. Cole desiderates, are administrative problems, belonging to the category of functions, but always subsidiary to the final, and, therefore, the sovereign, power of the State, the effective organ of citizenship. But I will add that, so far as Mr. Cole has in mind the right balancing of functions, he is on solid ground. Preponderant or underweighted functions in government are not only a prolific source of friction and jealousy, but a sure way to defeat, by obstruction and in detail, the policy and aims of a democratic State. He is further in the right of it when he affirms the need not only of a balance of functions but a multiplicity of associations that the individual may be released from the inertia of vast organisations. But the sovereign power rests, *sans phrase*, in democratic citizenship.

In due course, I must consider the relations of National Guilds and the Guild Congress to the State and the Government, and ascertain the exact stress of economic or Guild power upon the two structures. I am now concerned with the relations between State and Government. There would seem to be at least two vital distinctions between them : (*a*) that in the State resides the power derived from the general body of citizens, and that the Government organisation remains subject to this power ; and (*b*) that the Government is a functioned body in all its parts, whilst the State, untrammelled by definite functions, must remain elastic and mobile, in spirit and organisation, that it may the more readily respond to and interpret the citizen will. But function becomes servitude unless it also has rights, and we must accordingly inquire into the democratic rights inherent in the functions exercised by the Civil Service. Assuming

democratic principles and Guild methods, it is evident that the functionary, whatever his capacity, must have elbow-room commensurate with his responsibility and the freedom that association confers.

IV. The Spiritual State

With the ponderous catalogue, written in blood, of crimes committed "in the interests of the State," it seems incongruous or even grotesque to consider seriously the spiritual attributes of the State. Yet when men of the most sensitive personal honour commit themselves, as statesmen, to acts they would spurn in their private capacity, and are even proud of such acts, it sets us thinking whether the State does not necessarily move on a moral plane peculiar to itself and many removes from the individual casuistic. Bismarck, so far as I know, was privately an estimable citizen, but, knowing the tragic results, he falsified the Ems telegram and subsequently boasted of it. Cavour, his great protagonist, said that, had he done in his own interests what he had done for the State, he would properly have been sent to the galleys. Not to press into service the much misunderstood Machiavelli, it is abundantly evident that national leaders, in every decade of every century, have conceived it to be in accordance with duty and honour to pursue great ends by methods which, if judged by private rules, would be deemed damnable or dubious. It is not for the Democrat to countenance the moral or non-moral methods of statesmen whose policy is necessarily based on suppression or exploitation. But the condemnation of such methods must be found in the destruction of the conditions that induced them and not in any immature conception of a State policy guided by rules designed for individual conduct. That is to say, the new conditions of life adumbrated in a democracy, economically and politically enfranchised, must be reflected in a corresponding change of spirit in

the State, and compelling statesmen to obey new spiritual truths. But it does not follow that the individual code of honour need therefore be imposed upon the Nation and the State. The point to be noted is that the State must not merely respond to the will of the Nation, but interpret, express and accept the spiritual impulse behind the national will. It must do more : as the executive organ of citizenship, it must guide the citizen to right conclusions. In its executive capacity, it necessarily acquires a fund of knowledge and experience which it holds in trust for the community. Thus, spiritual action and reaction between Nation and State is in the nature of things, and this guidance is therefore natural, inevitable, and democratic.

This interaction between State and Nation is the true sphere of politics ; and, properly understood, the purging and exclusion of its modern debasement, known as "real politics." Whatever unhappy vicissitudes politics has passed through since the glory of Greece set it on its way, it is as true now as ever that successful statesmanship is founded on enduring principles and not upon the appraisement or nice balancing of material considerations. There is a practical sagacity, notably in the *obiter dicta* of Bacon and later in Cromwell's policy, that does not disregard the economic factors ; but that sagacity turns to cunning or opportunism if it lose faith in the fundamental principles disclosed by time and circumstance. This is not to deny the main fact of modern industrialism that economic power precedes and dominates political action. There is a sense in which that aphorism is permanently true ; another sense in which it is a polemic peculiar to existing conditions. It is permanently true in that statesmanship must possess the material means to encompass its ends, precisely as one must have the fare and sustenance before proceeding on a journey. But whilst the fare must be available as a condition precedent to the journey, it remains a means to the end. Our aphorism is a polemic peculiar to

private capitalism in that the fare—to continue the metaphor—is controlled by an interested section of the community, which can consequently decide the time and direction of the journey. But when the fare and sustenance pass from private to communal control, in the process increasing in abundance and availability, we find ourselves as a people free to embark on whatever spiritual or political enterprise we desire. Economic power is not finally found in wealth but in the control of its abundance or scarcity. If I possessed the control of the water supply, my economic power would be stupendous ; but with equal access to water by the whole body of citizens, that economic power is dispersed and the community may erect swimming-baths or fountains or artificial lakes without my permission. Not only so ; but the abundance of water, which economically considered is of boundless value, grows less serious as a practical issue the more abundant it becomes.

Upon the substantial truth of this hangs our conception of citizenship and State policy. I have consistently disclaimed for the future Guilds the control of wealth, conceding to them no more and no less than the control, through monopoly, of their labour-power. The product of their labour is not Guild property but a national trust. The disposal or distribution of that product must, in the ultimate, be guided by public policy, which knows neither producer nor consumer as such (favourably or adversely affecting now one, now the other), and has regard only to the public good. On any great issue affecting the general welfare, the citizen body will naturally discuss ways and means with the representatives of the Guilds—possibly a joint session of Parliament and the Guild Congress—but the final decision can only rest with the State, as the formal representative of the nation. To admit the principle of co-sovereignty is to admit co-equality between means and end, between the instrument and the purpose. But I am not now discussing the particular point of co-sovereignty ; the principle in

question is that, however economic power may be dispersed after wage-abolition, the subsequent growth of wealth depreciates it as a social consideration, and, in consequence, appreciates principle (which is an affair of the spirit) as a dominant factor in the sphere of politics. Thus, the destruction of private capitalism terminates all polemics based upon it, and sets in true relation the means to the end, wealth to life. The end in view is a triumphant citizenship, which knows how sanely to apply its wealth, "that it may have life and have it abundantly."

The dominance of economic power depends, therefore, upon two main considerations—artificially, by the private control of wealth ; fundamentally, by a natural scarcity. If the former be abolished and the latter overcome, the State possesses the means to achieve its purposes, so far as they depend upon economic resources. In this connection, it is not without significance that common parlance often describes a propertied man as "a man of means," and never so far as I know as "a man of ends." But it is usual to refer to a statesman as one having ends to be served by political methods. These philological distinctions are at bottom instinctive citizenship—a recognition that wealth is a means to an end. The future of Society, of the Nation, and finally of Civilisation, therefore, rests upon the will of citizenship. But this will or volition is limited by knowledge, rooted in the surrounding world, "irradiated with the colours of things that man has perceived as a theoretical spirit, before he took action as a practical spirit." Reality projects itself into the theoretical spirit, which reacts with new perceptions, out of which emerge beginnings and new facts. Viewed in this light, the spiritual process, comprehending the forms of practical activity, and creating the will to change in whatever degree surrounding conditions, is of incalculably greater moment than the means by which those changes are effected. The spiritual life of a people, thus vaguely suggested and

more vaguely defined by, I fear, an illicit use of philosophic terms, cannot fail to be profoundly influenced by the State ; ought, in fact, to be so influenced, when State activities are no longer entangled in that debasing *realpolitik*, by which the industrial system not merely survives but dominates. If this be so, if the State, as here defined, is cast for the *beau rôle*, then a Democracy that knows its business, whilst ensuring economic health and strength, will most anxiously concern itself with the meaning and growth of ideas : will, with vigilance, guard against false and disruptive ideas : will diligently explore new ideas for the enrichment of life. So long as public policy is moulded by material factors, we are only a little higher than the animals ; when our policy is guided by pure ideas, we are only a little lower than the angels.

In the ever-recurring choice and oscillation between these two extremes, the tone and temper of the State is in importance second only to the national spirit. Consisting of *personnel* (and therefore distinct from the Government which is functional throughout), it is of supreme moment that our statesmen should be inspired by principles consistent with pure democracy. "It is a terrible thing," says Professor Santayana, in his mordant and witty study of German philosophy,[1] "to have a false religion, all the more terrible the deeper its sources are in the human soul." He proceeds from this standpoint to examine the growth of national egotism in Germany, so far as it can be traced to German philosophy. It is no part of my case to prove him wrong or right—I am too ignorant, in any event, to undertake such a task—but let us suppose that he is substantially right, though even if he is wrong, it would not affect the argument. His thesis may be briefly stated. German philosophy (not, let us note incidentally, philosophy in Germany), he tells us, cannot accept any dogmas, "for its fundamental conviction is that there are no existing things except

[1] *Egotism in German Philosophy*, by G. Santayana. (London : Dent.)

imagined ones : God as much as matter is exhausted by the thought of him, and entirely resident in this thought." The denial that a material world exists except as an idea necessarily bred in the mind removes this philosophy from a sane recognition of nature and the practical activities, from " real reality " as Croce puts it. Thus, experience is put behind " a background of concepts and not of matter ; a ghostly framework of laws, categories, moral or logical principles to be the stiffening and skeleton of sensible experience and to lend it some substance and meaning." In such a mental world, where the perceptions are reality and their external objects cease to be, its ruling king must be ambiguity. This ambiguity grows the more ambiguous by the " tendency to retain, for whatever changed views it may put forward, the names of former beliefs. God, freedom, and immortality, for instance, may eventually be transformed into their opposites, since the oracle of faith is internal ; but their names may be kept, together with a feeling that what will now bear those names is much more satisfying than what they originally stood for." Thus, Professor Santayana represents German philosophy as a *camera obscura*, with a universe painted on its impenetrable walls.

It needs but a turn of the wrist to add almost any content to this " ghostly framework." Suppose then that some philosopher—shall we say Hegel ?—finds historic justification for the belief that German culture was foreordained to swallow up all other cultures, and the German legions, *pari passu*, to sweep clean the world of the outside barbarians. Nothing easier. The " categorical imperative " provides the *nexus* connecting concept with action. Here we have the accommodating principle : " That conscience bids us assume certain things to be realities which reason and experience know nothing of."

Now let us suppose that this philosophy in its main outlines gradually percolates through professorial walls to the non-philosophic world outside, the political and

teaching professions become infected with the *morbus philosophico-empiricus*, pure philosophy is vulgarised and political activities caricatured past recognition. Out of this welter comes that "false religion," to which Professor Santayana was referring. Meantime, the official world, realising the potency of the ideas, spreads them, insists upon them. The schools? They must be captured. The State must certainly rely upon its subjects, "for whoever has a well-grounded will, wills what he wills for all eternity." Every national activity, academic, theological, military, economic, is subjected to the great end—the supreme and final victory of the Germanic idea, with its corollary the Germanic hegemony.

In this we can see the spiritual State, in this instance an autocratic State, uncorrected and even unmodified by an impotent mass of servile workers, as yet ignorant of real democracy. This autocracy is now doomed, if not by fact of arms, by the relentless force of truth. "The aristocratic illusion," if I may again call in aid the keen intelligence of Croce, "is closely allied to that one which makes us believe that we, shut up in the egotism of our empirical individuality, are alone aware of the truth, that we alone feel the beautiful, that we alone know how to love, and so on. But reality is democratic."[1] We are frequently told that autocratic States are, in the nature of the case, stronger and more united in action than democratic States. Perhaps there is some substance in this criticism; but we must remember that Democracy is not moved by the egotism inherent in autocracy: takes wider views: does not restrict its principles to its own national frontiers: has hitherto been weakened in the assertion of its principles by its contentions with its own autocrats and plutocrats. The cure does not lie in the direction of rendering the democratic State weaker, but rather strengthening it by an invigorating stream of new ideas, based on "reality that is democratic."

[1] *Philosophy of the Practical*, by Benedetto Croce. (London: Macmillan.)

The conclusion is that, whilst at first blush the conception of the State as essentially spiritual in its nature seems a counsel of perfection, it is found on closer examination to be as practical as it is urgent. Our problem is, therefore, to win through to Democracy, and to provide it with a State organisation at once responsive to its will and capable of directing a functioned Government to definite democratic ends.

V. External Relations

We shall perhaps appreciate more readily the nature and structure of the State if we consider it in its external relations. Always a State's first duty is to its own people. This is true in no selfish sense ; as the nation's welfare is founded on domestic policy, clearly domestic policy is of primary importance. In our foreign policy, however, comes an insistent call for sympathetic understanding and adaptability to world-currents of thought and passion. It is comparatively easy to understand ourselves ; to understand, and deal sympathetically with others, whether they be autocracies or democracies, is no easy task, involving those spiritual qualities essential to the work of the State. Thus, in the peril suggested in the previous section, we must first understand it and then meet it with spiritual weapons. The final resort to force, even though inevitable, is not victory but destruction. To be compelled to destroy is a confession of failure. The weeds should never have been allowed to grow. In destroying them we also destroy the crop. The only justification for war is that the poisonous growth must be extirpated even at the loss of many crops.

It is a commonplace that hitherto diplomacy has been the last preserve of the aristocratic and capitalist classes. In Great Britain, the diplomatic service has been open only to men of private means. In my own experience, I know of three men, all capable linguists

and accomplished in international affairs, who have been excluded because they possessed nothing but brains. The financial bar has not only kept brains at a distance ; it has kept the moneyed diplomatists at a distance from reality. We have only to read the memoirs of diplomatists and their wives to understand how remote they are from actualities, how narrow is their horizon, how insidiously they become affected with the belief that they are at the pulsating centre of world politics. Prince Lichnowsky is a case in point. In his memorandum, he tells us that " notably in commercial circles I encountered the most friendly spirit and the endeavour to further our common economic interests." He graciously accepted invitations from the Chambers of Commerce of London, Bradford, Newcastle, and Liverpool. He lays stress on the " importance of public dinners." To clinch his diplomatic success, the crowning triumph, he " met with the most friendly reception and hearty co-operation at Court, in Society, and from the Government." This honest fellow, whose simplicity is one of the few engaging features of the war, notes that " an Englishman either is a member of society or he would like to be one. It is his constant endeavour to be a ' gentleman,' and even people of undistinguished origin, like Mr. Asquith, delight to mingle in society and the company of beautiful and fashionable women." His observation tells him that " the British gentlemen of both parties have the same education, go to the same colleges and universities, have the same recreations—golf, cricket, lawn-tennis, or polo. All have played cricket and football in their youth ; they have the same habits of life and spend the week-ends in the country." In all this, there is no foreign bias ; a British diplomatist would have written in very much the same strain were he trying to explain the situation to a foreigner in Rome or Bucharest. It did not occur to Prince Lichnowsky, nor would it have occurred to any European diplomat, that the society he was

describing was but a mole on the face of the nation. There is not a trace of priggishness in the memorandum ; the portrait the writer artlessly paints of himself is on the whole attractive ; yet the impression is vivid that had he addressed the Trade Union Congress he would not only have felt it derogatory to his position but would have uttered foolish or inappropriate sentiments. His manner would doubtless have been charming, but " a hospitable house with pleasant hosts is worth more than the most profound scientific knowledge ; a savant with provincial manners and small means would gain no influence, in spite of all his learning." Our fool-errant explains the origins of the war more completely than he imagines : ingenuously discloses the exotic atmosphere, common to all diplomatic groups, in which were nourished the germs of the great tragedy.

The diplomacy of a democratic State would, of course, make short work of the artificial international relations so dear to the heart of the existing diplomatic service. It would know nothing of Court or Society, or the trivialities incidental to that life ; it would be preoccupied with the infinitely greater task of bringing closer together peoples and not princes, the workers of all nations and not the idlers.[1] It is assumed that the present diplomatic methods, with all their courtliness and *politesse*, must be maintained because of their dignity, as though dignity were an affair of manners, forgetting that it is responsibility that confers dignity and creates its own code of manners. It is further assumed that a university degree and a knowledge of French (other languages optional) constitutes the minimum equipment of a diplomat. No doubt these are useful accomplishments, but they are not aristocratic monopolies. The new democracy will see to it that " the savant with

[1] We realise the truth of this in the foreign propaganda of the Bolsheviks Standing for a new scheme of life, they are compelled to spread their tenets in other countries. The feverish attempts made by Capitalist Governments to exclude Bolshevik missionaries and principles are a strange commentary upon the confidence which Capitalism feels in the justice and strength of its own system.

provincial manners and small means" shall function to advantage, leaving to "the hospitable house with pleasant hosts" such small talk as may prove agreeable to "the company of beautiful and fashionable women."

In the full assurance that the diplomatic manners of the democratic State may safely be left to arrange themselves, and will in fact compare favourably with those of the *ancien régime*, let us turn to the real business of the democratic State in its external relations.

I have elsewhere[1] dealt with the international economic reactions from the abolition of the wage-system. I must return to the subject in later chapters, but may here briefly summarise the argument. To the criticism that National Guilds would prove unequal to the strain of international competition, the reply is made that the wage-system is wasteful because it carries on its back not only an army of non-producers (who incidentally are the largest individual consumers) but also a number of parasitic industries that minister to the luxuries and vices of the non-producing consumers. The elimination of these uneconomic elements increases our economic power as a nation and a community. Therefore, in our barter with other peoples, and assuming that Guilds are only established in Great Britain, we are at a distinct advantage. But this is not so much an economic as a commercial advantage, and fundamentally contrary to Guild principles; the basic principle is that a bad economic system in one country bears down the standard of life of the whole world. Thus, whatever the relative advantage a Guild nation may possess over a capitalistic nation, both suffer in their respective degrees from the waste inherent in capitalism. It would therefore be the duty of the Guild nation, by precept, example, and substantial help, to aid the democratic elements in other countries to rid themselves of the profiteering incubus. But, in so far as other nations are dominated by capitalism, expressing itself in open

[1] *National Guilds*, "International Economy and the Wage System," p. 27 *et seq.*

or disguised autocratic forms, Guild diplomacy would necessarily find itself in an unfriendly atmosphere : might fail in its purpose : might become the object of attack : might ultimately be compelled to break off diplomatic relations and defend the new economy by force of arms. It is certain that the Guilds would seek to exchange their products with Guilds in other countries and on Guild principles. Until this stage be reached, there can be no international democracy, which awaits the Guild principle for its full fruition.

The diplomatic work, therefore, of a Guild State would be mainly missionary in character, aiming at a co-ordination of moral and economic effort. If our diplomatic propaganda is confined to exclusively economic considerations, the higher purposes implicit in Guild organisation are obscured and thwarted. We organise ourselves on a Guild basis that we may become better citizens. In our relations with other peoples, this end can only be served by our diplomats first understanding the genius of the people to whom they are accredited, and then guiding their policy in harmony with that genius. It is essentially an affair of ideas, of doctrines, of spiritual perceptions.

But the work of the citizens' representatives abroad must be correlated with the immediate material requirements of the Guilds at home. They want raw materials and finished goods of many descriptions in exchange for their own products. This international exchange is definitely functional in character, and must be related to the governmental organisation. The broad distinction here drawn between State and Government is reflected in the existing diplomatic machinery. The ambassador is concerned with problems and ideas ; he must understand the people to whom we have sent him, and act with the sympathy that comes of understanding. His work is in fact spiritual. The governmental machinery that deals functionally with commerce, with exchange, and generally with duties defined by law

is the Consular Service. Since, by hypothesis, we have relegated the economic function to the Guilds, it follows that the consular organisation must be controlled by the Guilds and become the medium through which the Guilds may buy and sell in foreign countries. Then, as now, we shall discover that, so long as the Guild Consuls act within their prescribed functions, they will not only be unhampered in their work, but helped in every possible way by the Diplomatic Service—the service of ideas. But when, as must constantly happen, new developments call for changes in public policy, the problem must be resolved by the citizens' representatives, because, abroad as at home, public policy must be the expression of citizenship and never subordinated to sectional or economic interests.

The spiritual aspect grows even more pronounced in the State's relations with subject races. In dealing with organised nations we are presumably dealing with equals, and responsibility is therefore more or less equally divided. But with subject races the responsibility is wholly ours, and therefore the greater is the spiritual burden thrown upon us. When we remember that practically all tropical products come by the labour of negroes, coolies, Hindus, half-breeds of endless variety, not to mention the Chinese, it is evident that we must act in accordance with principles that recognise in these peoples of backward or arrested development a human brotherhood. To Cain's question, the State must answer that assuredly it is its brother's keeper; that the brother, whatever his problems, shall no longer be subjected to economic oppression; that he shall be dealt with fairly, the fruits of his labour going back to him in such wise that he may grow in racial stature. Just as yesterday and to-day the Colonial Office has protected the tropical labourer against the avarice and brutality of planters—protected him at least in some degree—so I can imagine a democratic State also protecting him against thoughtless or

oppressive exploitation by the Guilds. I have heard it argued that the economic emancipation of the white man depends largely upon the successful exploitation of the black and yellow races, who are destined to do the onerous and dirty work of the world. A peculiarly foolish and mischievous notion. The dirty work is now done by white men. Our problem is to make dirty work clean and desirable, and not to distribute it amongst the weaker brethren.

From this short survey, I hope it is possible to draw the conclusion that the State in its foreign relations has spiritual responsibilities of a high order ; that in its material dealings it can safely act through the Guilds, whose work must become increasingly international as the peoples of the earth draw closer together in sentiment and interest. But, above all, a wise State will be guided by the fundamental principle that a nation badly or uneconomically governed is a danger to us all.

VI. The Rôle of the State

If, in emphasising the sovereignty of the citizen in the body politic, I have seemed to depreciate the functional value of wealth production, I am nevertheless always conscious that, as things are to-day, and must continue for another generation, man's livelihood is his main preoccupation. Even when we have set our economy upon a new foundation of equity, there remains the perennial struggle with nature. My difficulty has been, not to minimise the economic problem, but to set it in due relation to the spiritual life of mankind —to religion, art, literature, science, what, in short, we live for. Señor de Maeztu comes near to the truth of it in the hierarchy of values he outlines in his book.[1] Highest in the scale come moral satisfaction, scientific discovery, and artistic creation. Next comes man with his associations and institutions. After these and on

[1] *Liberty, Authority, and Function*, p. 274. (London : George Allen and Unwin.)

a lower grade come the economic values. "The reason why it is impossible for me to accept any other scale of values, or to change the order of this scale," he says, "is not difficult to explain. It is thought out in such a way that the first category of values includes the second and third; the second includes the third but not the first; and the third does not include either the first or second." If we apply this scale of values to the capitalist system we can arrive at the true measure of its condemnation, because it makes men lose themselves in the third degree when they ought to be consciously struggling towards the first. It is no business of National Guildsmen, rightly indignant with the existing wasteful production and inequitable distribution of wealth, to accept the false scale of values imposed by capitalism. And herein we discover the ethical condemnation of the suggested co-sovereignty of the first and third grades of this scale. Although my approach to the problem differs from Señor de Maeztu's, it may be observed that his first grade of values generally corresponds with the spiritual aspect of citizenship upon which I have insisted.

The logic of my statement as to the *rôle* of the State demands that in structure it shall be elastic, mobile, and responsive to the sovereign power — so elastic and mobile as to elude functional definition. State organisation is primarily directed to the main purpose of expressing the will of the community, nationally through Parliament, locally through the local elected authorities. The local problem need not detain us here, but I may remark, in passing, that one of my reasons in urging the development of municipal into provincial government is that citizens may secure greater freedom in local life. The smaller the body, the less representative it becomes and the more inevitable that it should be kept in leading-strings by the central authority. But it has not as yet dawned upon many thinkers that, if the federal principle can work

so well in Canada with one-quarter or one-fifth our population, it may with advantage be applied in Great Britain. In any event, I do not shrink from the fullest application of the principle of sovereign citizenship, in its right degree, to local as to national life. The spine, then, of State structure is a Parliament charged to give effect to the express will of the general body of citizens, voting as citizens. I need not here discuss the vexed question whether the members of the Parliament are properly interpreters of the communal will or delegates. Personally, I think they ought to regard themselves as interpreters. In the process of interpreting their constituents' minds, they play, or ought to play, a considerable part as educators, the special knowledge they acquire at the centre being of course at the disposal of the electors. The difficulty involved in delegation is obvious : delegation demands definition, whilst the business in hand defies definition. But the issue is always with the electorate. If it decide on delegation, delegation it must be.

Here we stumble upon a curious coincidence. Many learned pundits, dreading the complete sway of "triumphant democracy," are perpetually considering how to evade or counteract the electoral decision. They aver that there must be constitutional checks and counter-checks, so that nothing shall be done rashly and without due consideration—due consideration generally meaning consideration for the possessing classes. So they propose a second chamber, to be composed of men of weight and property, to curb the speed of the democratic coach. Others favour a referendum ; others want proportional representation, so that the minority may kick with greater vigour. On the other hand, we have so convinced a democrat as Mr. Cole, who, visualising the State as the consumers' representative, advocates co-sovereignty or a nice balance between consumers and producers. The answer to the first group is that when the electorate definitely declares for a certain

policy or proposal, every effort made to impede it is anti-democratic and essentially disloyal. The effects of this particular type of disloyal obstruction are now being felt in England and Ireland. Defective though our present democratic machinery may be, it was at least equal to a declaration in favour of Irish Home Rule. The electors in fact knew instinctively better than the obstructionists. The price we must pay is very heavy. To Mr. Cole I reply that, apart from our different conceptions of the State, a nice balance means cessation of movement. No retrogression, to be sure ; but also no progress.

As Mr. Cole's analysis of the nature of the State differs fundamentally from mine, I cannot dismiss it with an epigram. At the outset, we disagree on definition, or rather on our conception of the State. He sees the State as the supreme territorial association, and therefore the natural representative of the consumers or "users" or "enjoyers," who also happen to be territorial by reason of residence. He transforms a coincidence into a principle. No doubt the consumer must live somewhere, so also must the producer—must live in the same house and in the same skin as the consumer. But, *qua* producer, he has a vocational origin, which differentiates him both from the consumer and the State. Since the consumer annexes the State as his special guardian and representative, the producer must look in the first instance to his Guild, and ultimately to the Guild Congress, for satisfaction and protection. Since the State, as a territorial association, represents the general body of consumers or users or enjoyers, and since the Guild Congress represents the general body of producers, Mr. Cole sees two powers, one territorial, one vocational, of equal weight, the one legislating for the consumers, the other for the producers, settling their differences in joint session, with a judiciary common to both, dispensing State law or Guild law as occasion arises. Out of this springs the theory of balance or

co-sovereignty. If we grant Mr. Cole's premiss that the State is, in effect, a body of consumers, we can go a step further with him and agree that the division of State and Guild powers can be found in function. But Mr. Cole dismisses the vital distinction between legislation and administration as no longer tenable. "We must recognise that the control of legislation and administration cannot be divorced, and if we are to find a cleavage at all, we must make a new cut." This "new cut" is by function. But to resort to function in this general sense is to beg the question. We cannot, in the first place, accept without further examination Mr. Cole's assumption that legislation and administration are functionally inseparable. I have already argued for this separation on three grounds : (*a*) the nature of the State ; (*b*) function applied to administration and not applicable to the State—this fact in itself involving differentiation ; and (*c*) the adoption of Guild principles by all administrative bodies—a right they share equally with the producers. As the next section of this chapter deals with administration, Mr. Cole and I can most conveniently discuss there our differences in that regard.

In our previous discussion on the relation of production to consumption, it will be remembered that Mr. Cole gave the word "consumer" a much wider connotation than I was prepared to admit. Now, let us look at the result. He argues for two legislative machines of co-equal authority. Parliament legislates for the consumer as such ; the Guild Congress for the producer as such. But having regard to the broad definition that Mr. Cole gives the consumer, there is not a section or even a sub-section of Guild legislation to which the consumer cannot take objection, if so minded. As a fact, I do not think that we need anticipate cantankerous criticism ; but we may reasonably anticipate a constant struggle for power, in small things as in great. Where objection is taken by the Parliament of consumers to legislative measures passed by the Guild Congress,

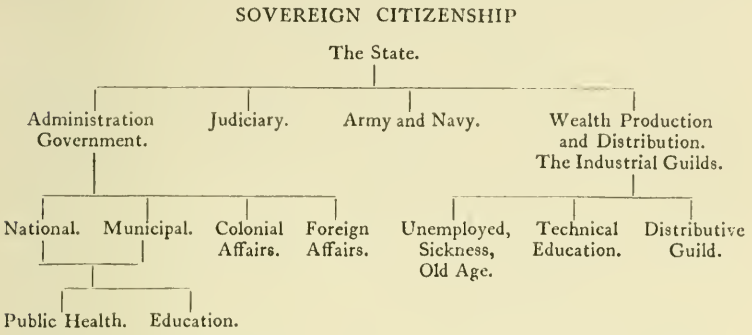
Mr. Cole's solution is a joint session of the co-sovereign bodies. This opens up a vista of an almost perpetual joint session, with consequent delays and irritations, and incidentally destroys co-sovereignty, the joint session becoming, *ipso facto*, the ultimate sovereign authority. But I, for one, have advocated National Guilds for two reasons, which Mr. Cole's proposals would effectually nullify : I would relegate the economic function to the Guilds that Parliamentary work may be unhampered and unvitiated by economic interests ; secondly, I want National Guilds to be absolutely masters in their own house and within their defined function—a function upon which they would naturally agree with the State, from which they obtain their charter. In plain terms, the producers shall be masters of production—a principle essential to good craftsmanship. Thus, the effect of Mr. Cole's theory of balance or co-sovereignty is to subject the producer to a supervision almost as galling as under capitalism—an intervention with the minimum result and the maximum friction. I again affirm that the consumer, in my sense or Mr. Cole's, is only concerned with the finished product. If he poke his nose into the productive processes, which are no business of his, he must expect the fate that pursues the interloper.

In regard to Guild legislation, Mr. Cole and I are in substantial agreement. I have already argued that sick, old age, and unemployed maintenance is a Guild function. The administration of the necessary funds involves regulations which in effect constitute legislation. Indeed, the Guilds would every day automatically legislate. The power would be implicit in the Guild charter. Nor is it a novel principle in law. It would be little more than an expansion of the already juridically recognised "custom of the trade." Even to-day, municipal authorities, chartered corporations, and public trusts have powers of regulation which, in their own sphere, practically amount to legislation. But the

rights of citizenship remain sacred. Citizenship is a discipline and a destiny that knows neither producer nor consumer : regards production and consumption, not as ends in themselves, but means to an end.

VII. The State in Diagram

The argument may perhaps be illustrated in a diagram.



VIII. The Bureaucrat

In developing new doctrine, one of the minor difficulties is the discovery of an acceptable vocabulary. Thus, I have throughout distinguished between the State and the Government. The distinction is not mine ; it is implied in our constitutional law. But in recent years, and particularly during the war, so much power has been vested in various administrative departments, notably the War Office, that we have been apt to forget that we owe allegiance to the State and not to the Government. The State, properly understood, is the organisation that gives effect to sovereignty, whether such sovereignty derive from a king or a democracy. Granted the State, sovereignty follows. Doubtless a democratic State will differ in structure from the autocratic, but more in spirit and vision than in structure. The structure must,

however, be modified that it may at all times respond to the new spirit and vision. Otherwise, the State, if not actually undemocratic, hampers, and on occasion defeats, the citizen will. The Government, properly understood, is the administrative organ of the State, the State's agent and man of affairs, true to its function only so far as it faithfully obeys the State's behests.

Two new factors, as the outcome of Guild criticism, enter the problem : (*a*) the conscious application of the functional principle, with due consideration for the atmosphere and responsibility requisite to the effective fulfilment of function ; and (*b*) the rights and liberties to be secured to administration through Guild principles and organisation. Clearly, function brings with it responsibility ; it is equally clear that the right of organisation, vital to a Guild society, brings with it liberty. It is in the direction of functional responsibility and Guild liberty that we must look for the abolition of a servile administration, which has hitherto sought its protection in cunningly contrived bureaucratic vested interests, and not in the frank acceptance of professional union based upon services rendered. Water cannot rise higher than its level : the administrator cannot rise above the citizen ; the Bureaucracy is precisely as high as and no higher than the Trade Union.

Now, a complaisant or servile bureaucracy is a venal bureaucracy ; a degradation in itself and a cancerous growth near the heart of the public liberties. It becomes the pimp of power, obsequious to wealth and social position, truculent and overbearing to the dispossessed. The history of bureaucracy in Ireland since the Act of Union is the history of a servile tool in the hands of the Ascendancy, and only comparable with the bureaucratic control of Austria in the Trentino, Hungary in its Magyar domination, and the German bureaucracy in Poland. Historically considered, Great Britain has probably suffered less from this particular form of oppression than any other European country. During

the last generation, say for thirty or forty years, we have regarded the growth of bureaucracy in two diverse lights : by some, as the advent of Socialism ; by others, as an insidious invasion of personal liberty. Neither view is finally tenable. The growing complexity of life has necessitated reflex administrative action, whilst the intervention of bureaucracy in industry, far from proving the strength of Socialism, has been but the measure of its impotence. It is an admission that industry cannot be nationalised in the collectivist sense ; that the most that can be done is to protect the public health. Even during the war the so-called "controlled establishments" were managed by capitalists, on capitalist lines, and for profit. The railways, assumed to be nationalised, are guaranteed their old dividends, not by their earnings, but by the State. Nevertheless, the problem of Government, of administration, of bureaucracy, if luckily without many of the sinister features prevalent in other countries, has now become acute in Great Britain.

Just as the revolutionist sees in the State the oppressor and the enemy and seeks to destroy it, so he sees in the bureaucracy the instrument of the oppressor and would destroy it also. But, just as the cure for State oppression is democratic citizenship, with the consequent changes in spirit and structure, so the cure for bureaucracy is to inspire it with the new spirit and ensure its future good behaviour and efficiency by binding it in function and conferring upon it the liberty of Guild organisation. Oppression does not come from free and self-respecting men—a truism as applicable to bureaucrats as to tinkers. Let us, then, consider how the sovereign citizenship, speaking through its agent the State, would approach the new bureaucracy. It lends itself to dialogue :

The State : "I propose to assign to you this responsible task."

The Bureaucrat : "It is certainly an important function. But, before undertaking it, please tell me the terms and conditions attaching to it."

THE STATE : " In the last resort, I can compel you to do it upon whatever terms I choose. But in normal times, it is essential that you should be not only contented in your work but proud of it. Tell me upon what conditions you would gladly and freely undertake the work."

THE BUREAUCRAT : " In regard to the actual function, you agree that it is highly important and responsible. My responsibility should be recognised by giving me complete liberty of action, so long as I keep to my particular function. I mean by that two things—(*a*) that the function, being the thing round which my colleagues and I associate and to which we devote ourselves, must always be the primary consideration and never subject to vital modification, without your express sanction ; and (*b*) my associates and I, faithful to the function assigned, will make ourselves responsible for our own discipline and methods."

THE STATE : " Since the function comes from me, as well as your commission, the function and you are both under my direct protection. No person, however politically strong, can abrogate the powers hereby conferred on you. That, I think, is the liberty of action you require. In regard to discipline, I should like to hear you further on that point."

THE BUREAUCRAT : " I am glad to think that if we faithfully obey our commission we can rely upon it that we can never become the cat's-paw of political schemes. Subject to faithful service in our allotted function, we are citizens, free to take whatever public action we desire."

THE STATE : " Certainly. I do but represent citizenship myself. In democracy there are no classes apart."

THE BUREAUCRAT : " Now that I think of it, discipline really relates to the terms of employment. As to that, I ask for the security of the guildsmen."

THE STATE : " The security enjoyed by the Industrial Guilds is found in the monopoly of their labour. If you

want the same security, you can only get it in the same way, namely, by organisation. There is no reason why there should not be Civil as well as Industrial Guilds."

THE BUREAUCRAT : "Hitherto we have enjoyed special consideration having regard to the importance of our work."

THE STATE : "A favoured class is a dangerous class. We are now all citizens, no more and no less. As to the importance of your work that is not now so obvious, since it was in reality mainly important to the governing and possessing classes as a protection of privilege. Your value then lay in your compliant *personnel*, but it is now agreed that function, which knows neither privilege nor compliance, takes precedence of the person. The fact that I assign to you a function is sufficient proof that your work has social value ; but it does not follow that it is more important than the function of the miner or the engineer. I certainly cannot give you any special consideration or favoured treatment."

THE BUREAUCRAT : "To tell you the truth, my colleagues and I have not been happy in our favoured but secluded position. We were not only cut off from the activities of the general body of citizens, but we often felt like blacklegs. We will therefore organise ourselves into Civil Guilds."

THE STATE : "I would welcome it. Instead of becoming entangled in a network of variegated functions, with their special rights and duties, the Civil Guilds could proceed by charter like the Industrial Guilds. The functions would be defined in the various charters and each Guild could become responsible for its own pay and discipline."

THE BUREAUCRAT : "Where would our pay come from ? "

THE STATE : "The Civil Guilds are the spending Guilds, but their economic value is not less on that account. The Industrial Guilds know that as well as I. The cost of administration is found in the State Budget,

and the Budget will be fed by the Industrial Guilds in accordance with the terms of their charters."

THE BUREAUCRAT : " How will the pay in the Civil Guilds compare with the Industrial ? "

THE STATE : " Very much on a parity, I surmise. You must remember that the old Civil Service was well paid in the first division and badly paid in the second. It was a class distinction and not the reward of merit. Sovereign citizenship abolishes such foolish and wasteful distinctions."

THE BUREAUCRAT : " I accept the new conditions and will proceed to organise my fellow-workers. I will be faithful and efficient."

THE STATE : " If you are unfaithful to your function, you are a traitor to your fellow-citizens ; if inefficient, a traitor to your Guild. If charged with either of these offences, you will be judged by your Guild peers, for the Guilds have brought *Magna Charta* into the sphere of function and service."

IX. FUNCTION IN GOVERNMENT

In a preceding diagram it will be noticed that I have put the Government and the National Guilds in the same relation to the State and upon an equality. This is true in two senses : in that they both derive directly from the State ; in that they are both functional in all their parts, the Administrative and Guilds functions being complementary to, but independent of, each other. The inference is that the balance of power sought by Mr. Cole as between the State and the Guilds is really between the Government and the Guilds. To Mr. Cole this means nothing, because, in his view, " we must recognise that the control of legislation and administration cannot be divorced, and, if we are to find a cleavage at all, we must make a new cut. . . . The new doctrine must be that of division by function : the type, purpose, and subject-matter of the problem, and not the stage at which

it has arrived, must determine what authority is to deal with it." The new doctrine has, of course, my unreserved assent ; but when I pointed out to Mr. Cole that production and consumption are two stages of one economic transaction, and therefore both within the ambit of Guild control, he replied by assigning the first stage to one authority and the second to another authority. There is an infinitely greater diversity in function between legislation and administration than between production and consumption.

If the State, the legislative authority, must be assigned some function, then I should contend that it fundamentally differs from both the Administrative and the Guild function, because it is essentially creative whilst the others are derivative. As it appears to me that a function must be definable, and since the business of the State is so diverse, subject to such constant change and varying stress, as to be undefinable, some word other than function—mission, *rôle*, attitude, will—must be applied to its activities. Whilst nothing, not even the public executioner, could induce me to forswear the sovereign quality of a completely enfranchised citizenship, seeing in it the fountain of power and the sanction of function, I see also as between the functional Government and the functional Guilds a co-equality and balance, which should reconcile Mr. Cole, since function is here the basis of Guild doctrine, and common to us both.

The marriage of State with Government, which Mr. Cole pronounces indissoluble, carries in its train difficulties of some magnitude. It peculiarly associates the Civil Guilds—the doctors, the teachers, the civil engineers, the architects, the public analysts, and a number of other highly technical functions—with the State, putting them upon a different and favoured footing as compared with the Industrial Guilds. " Not at all," answers Mr. Cole, in effect, " they serve different masters. The one group serves the State, the other the Guild Congress. There are two kings in Brentford."

When the two kings disagree, Mr. Cole proposes a joint conference. But how if, after the conference, they still disagree? How if the terms of service under the two kings should chance to be widely different, involving different life-standards, economical and spiritual? Would it not be said that National Guilds set out to unify the national life and ended in a social cleavage as deeply cut as under capitalism? Coming to function, can it be really contended that a legislator is functionally more closely related to a doctor or a teacher than to an engineer or a weaver? Nor does disunity end there. On Mr. Cole's hypothesis of the State, *qua* consumer, intervening in production, in the work of the Industrial Guilds, is it not clear that we may have the Industrial Guilds, in their turn, through the Guild Congress, intervening in State affairs, on the reverse grounds? So far as I can visualise it, the effect of these reactions would be a general paralysis of function and a constant danger of deadlock between the State and the Guild Congress.

Before coming to the basis of Mr. Cole's political philosophy, let me briefly examine the logic of his position. For practical purposes, he divides the community into two classes: the consumers, users, and enjoyers, represented by the State; the producers, represented by the Guild Congress. These two authorities, as we have seen, are defined and divided by function. Mr. Cole is careful to insist that we must accept function in its broad sweep. The "type, purpose, and subject-matter," and not the stages of the functional process, must be regarded as a whole. You must not divide an authority into two merely because it embraces two stages of one function. To this general principle Guildsmen will, I think, agree. In applying the principle, Mr. Cole finds: (*a*) that the functions of State and Government being progressive (first, legislative; then, administrative) cannot be divorced, and accordingly State and Government are functionally inseparable; (*b*) that production and consumption, although palpably

two complementary stages of the economic function, must be separated, however illogical it may seem. He avoids this obvious inconsistency by adding a social or political meaning to the word "consumer," reading into it not only its precise economic connotation but also social use, enjoyment, and amenity—the material basis of social existence. But because consumption has a definite economic meaning, it may on occasion be treated in that sense and become a purely Guild function. Consumption is the disappearing pea under Mr. Cole's logical thimble. If two or more Guilds declare that a certain problem of consumption is for themselves to decide, Mr. Cole can say: "Gentlemen, I have always reserved your rights in this matter"; if, however, he dissent, he can say: "Gentlemen, the State is concerned here, and the question must be referred. Look up my book, page 86." But when I remind Mr. Cole that reference to the State in such circumstances can only be on the plea of public policy—an appeal, in fact, to sovereign citizenship—he replies that "the State would have, in the economic sphere, certain normal and necessary functions as the representatives of the consumer, user, and enjoyer."

Mr. Cole's logic must be examined in the light of the facts. Is it a fact that the legislative and administrative functions are one, being but two stages of the same function? Six or seven hundred gentlemen, sitting in Parliament as the representatives of the citizen body, pass an Act enabling the medical officers to take precautions against cholera, or enabling teachers to instruct their scholars in a new and higher standard, or giving powers to construct a Channel Tunnel. Does Mr. Cole seriously contend that the function of legislation cannot be distinguished from the functions of the doctors, the teachers, or the engineers, who administer the legislative Acts? Or does he contend that these experts are not administering the Acts? There is this also to remember: an Act of Parliament is a completed fact in itself, equally binding upon legislators, administrators, and the whole

community. Thus the function of the administrator begins where the function of the legislator ends. They are not two stages of one function ; they are two functions, not only separable, but never united. The one function must end, absolutely end, and not continue, before the other begins. When we remember the stupendous volume of work daily transacted by the State and municipal administrations, practically without reference to legislation, I do not think we need have much difficulty in deciding that Mr. Cole's declaration of indissoluble marriage between legislation and administration is not valid.

Is it then a fact that production and consumption are two separate functions ? I have already argued this point at considerable length, and concluded that they are definitely two stages of one economic process. But can we divide the economic function, in its many stages, into two *vis-à-vis* authorities ? Mr. Cole declares that in principle we cannot, but that we must, because he wants a balance of power. I think that he wants a balance of function. I hope that I have shown him how to get it, without hurt either to his principles or his logic.

I have an uneasy sense that, in the turn the discussion has taken, I have done less than justice to Mr. Cole's political philosophy. It might almost be inferred from what I have written that he is a philosophic Anarchist, opposed to the State, or a Materialist, blind to the spiritual forces. He is, of course, nothing of the sort. The points of our disagreement are small compared with the general body of doctrine which we hold in common. It is, therefore, only fair to him briefly to sketch his real attitude towards the State and sovereignty.

In surveying the community, he notes the growth, decay, or continuance of many and diverse human associations, which in his view are no part of the State. " The sum-total of this organised corporate action in the community is far greater than the action undertaken by the State, the degree in which it is greater depending

upon the extent to which co-operation prevails in the community, and on the sphere of action marked out for itself by the State within the community." [1] The nature of these associations must be discovered. Do these associative rights derive from statute law, that is, from the State, or is their origin natural, that is, from the community apart from the State? It is essential to Mr. Cole's thesis that they should be natural; but from the point of view I have been arguing the question is obviously irrelevant. Whether deriving from statute law or from communal association, the main consideration is their effect upon citizenship. If their influence make for good citizenship, the State leaves them alone, but reserves the power to mark out for itself its own sphere of definite action, which looks rather like an act of sovereignty. Continuing the argument, Mr. Cole sees the State as practically an association, not different in nature from the others, doubtless much greater and stronger, but after all only *primus inter pares*. On that score alone the State possesses no sovereignty; but any remnants of sovereignty thought to be attached to it disappear when industrial sovereignty is transferred to the Guilds. All that remains is a territorial association, "marked out as the instrument for the execution of those purposes which men have in common by reason of neighbourhood." What are those purposes? Consumption, use, and enjoyment. As a balance to the State and municipality, territorial associations concerned with consumption, use, and enjoyment, we must have National Guilds, concerned with production. We must also put into the scale propagandist and doctrinaire associations that supply the need for fellowship, churches, connections, and covenants. In the play and interplay of these variegated activities, Mr. Cole discovers "communal sovereignty." Although this is a very slight and inadequate outline of his thesis, and in this regard only, it is evidently a suggestive contribution to social theory.

[1] *Self-Government in Industry*, p. 72. (London: G. Bell & Sons.)

X. Sovereign Citizenship

It will be observed that my criticism of Mr. Cole's doctrine is in part theoretical and in part practical. On the three main issues it will perhaps clarify the controversy if I conclude by comparing them.

In substance, the sovereign citizenship advocated in these chapters is probably akin to the "community sovereignty" envisaged by Mr. Cole. But, whereas he indicates no practical way of asserting that sovereignty, I have indicated the State as both the historical and practical embodiment of citizen sovereignty. Mr. Cole leaves it as something inherent somewhere in the body politic and with no ultimate or effective means of expressing itself. Further, I see sovereign citizenship in the summation of the thought and activities of these manifold associations, with an instrument ready to its hand to crystallise its will. Mr. Cole does not apparently travel beyond balance of power, with divisions which, whether arbitrary or natural, are more exhausting than fruitful.

Mr. Cole's conception of the State is, I think, coloured by his failure to distinguish between the expressed will of sovereign citizenship and the vast administrative machinery, functional throughout, that gives effect to the sovereign will. In regard to "industrial sovereignty," Mr. Cole would disperse this between State, municipality, and the Guilds, leaving to the Guilds only a moiety of industrial power. On the other hand, whilst recognising the final rights of sovereign citizenship, I would not divide, but rather concentrate, the economic function in the Guilds. In this way, I believe we should evolve a finer type of industrial statesmanship. Nor will it escape notice that the main effect of concentrating industrial power in the Guilds is to release the State for the spiritual leadership of the nation, which I believe to be in its true purpose.

Finally, the balance of power sought by Mr. Cole

cannot be other than a balance of functions. Power springs from rights, rights are finally justified in function. But whether it be a balance of power or function, or whether they mean the same thing, it assuredly cannot be mechanically contrived. That balance is either in the nature of things, or is impossible, or is attainable only by chance. Mr. Cole looks for it between the State and the Guild Congress. He will look in vain, because he looks for an artificial arrangement of society. I see it in the natural reaction between the Administration, the great spending Department, and the Guilds, the great producing Department. I have not to create it ; it is there already.

XI. State and Guilds

Remains only to consider briefly the principles of *liaison* between the State and the Guilds. There is the problem of Guild representation in Parliament ; the vastly important problem of taxation ; and the subsidiary problem of the right relationship between the Industrial and Civil Guilds.

In regard to Parliamentary representation, we shall, I think, find the true analogy in the present method of administrative representation. In the preceding diagram, the Government or Administration is placed in precisely the same relation to the State as the Guilds. Each administrative office has its official head in Parliament, acting as *liaison* officer between the State and the function of administration. This officer is the channel through which comes the authority of the citizen body to function ; equally, he is the channel through which come the explanations and apologies of the several departments. Deriving their power from sovereign citizenship, they are liable at any moment to give an account of their stewardship. But we know that the bureaucracy thus created occupies an anomalous position ; it exercises power beyond its warrant, and plays a part in policy to which it is not entitled—the heritage of existing and

former autocratic systems. The Guild principle, as we have seen, limits it in policy to its defined functions, but confers upon it the liberty of professional association developed into Civil Guilds. The adoption of the functional principle, coupled with Guild organisation, obviously involves a change in attitude towards the State. It secures to the State, as the organ of sovereign citizenship, the unchallenged direction of policy ; it secures to the Administration that economic freedom which is fundamental to Guild principles—an economic freedom that can only be withdrawn in the event of unfaithfulness to assigned and defined function. These changes in the structure of Administration bring it into harmony and equality with the Industrial Guilds, inducing a social and economic unity, where previously were diversity of interests and class antagonisms. From this harmony we may also assume a similarity of treatment by the State, through Parliament, and conversely a similarity of attitude towards the State, also through Parliament. The conclusion is that just as the various administrative departments have their spokesmen and official heads in Parliament so must the Guilds—either separately or in groups, or through the Guild Congress.

But the Industrial Guilds have a function peculiar to themselves : they must carry the burden of the State Budget. However important may be the function of spending — the business of the Civil Guilds — it is evident that the provision of the public funds carries with it unique responsibilities and indicates the necessity of common action and joint organisation between the State and the Guild Congress. In addition, therefore, to Guild departmental representation in Parliament, a peculiar bond must exist between the Exchequer and the Guild Congress. It is common knowledge that the Chancellor of the Exchequer always consults the bankers before presenting his Budget. In a Guild society, the bankers disappear and the Congress supplants them. The informal discussions with the banking and

allied interests must give way to some formal and constitutionally recognised joint-session between the Exchequer and the Guild Congress or even between Parliament and the Guild Congress.

At the first blush this joint-session would seem superfluous, since the principle of taxation adumbrated in Guild doctrine is a *per capita* levy on the Guilds. It is not so easy as that. One Guild may, during the year, have suffered severely from one cause or another—a scarcity of raw material over the sources of which it had no control, heavy liabilities incurred involving a depression in the rates of pay, a bad season in the Agricultural Guild, a large transfer of labour-power for State or economic reasons. It would be for such a joint-session to arrange an equitable levy upon the Guilds, after weighing and considering the transactions of the year. Nor would I close the door against referring to this joint body other difficulties and problems calling for treatment or solution as between the State and the Guilds.

My objection to this joint body possessing legislative powers, apart from the principle of sovereign citizenship, is because it is composed of disparate elements. We send men to legislative bodies because of their aptitudes for that kind of work ; we shall put men into responsible positions in the Guilds because they possess quite other aptitudes. The legislative and economic bodies must each function in their own spheres. If and when they collaborate, it must be for such special purposes as they have in common. To go beyond that is to invite confusion and friction. Nevertheless, as one cannot sum up the activities of a nation in a book, still less in a paragraph, I do not doubt that, subject to the reservations already indicated, Mr. Cole's proposal of a joint-session would prove valuable in many ways, both seen and unforeseen.

The third problem of the relations between the Industrial and Civil Guilds is perhaps hardly germane to this

chapter. In general, my solution would be the interchange of representatives upon the governing bodies of all the Guilds concerned, exactly as we have already proposed that the Industrial Guilds, following the example of interlocking directors under the joint-stock system, should each be represented upon each other's executive authorities.

XII. The Inspiration of the Civil Guilds

Perhaps, in the future, men will walk with increasing confidence without the stern tutelage of the written law, finding a correspondence between their spiritual perceptions and their external liberties. It is a favourite theme in certain quarters that law is the palladium of liberty. It may be so ; but it may also be the instrument of oppression as galling as it is subtle. This at least is true : the hotch-potch of variegated laws—diverse, unrelated, ill-digested and uncoded—constitutes a Chinese maze from which we only escape by the help of professional guides. The Guild proposal to eliminate from State administration the whole body of industrial law, with the new concepts of property rights that flow from it, is essentially a simplification that must smooth the way of the citizen, straightening out the twists and bends of the road he would travel. Nowhere does the law so intimately touch and irritate the average man as in his industrial pursuits. He may, and generally does, go through life unconscious at first hand of the criminal law. The vast majority of Englishmen know nothing and care less about chancery law. The common law they know more by custom and instinct than by acquired knowledge. Thus the removal of commercial and industrial law from the ordinary practice of the State administration renders the average citizen almost free from statute law, except so far as it embodies and protects his constitutional rights and liberties. Of these he is rightly tenacious, his main

purpose in politics being to strengthen and extend them. His contact with the State, otherwise, is through taxation. It would be wrong to infer from this that, in consequence, the State becomes remote from his life and thoughts. Quite the contrary ; the simplification both of law and regulation involved in industrial autonomy clears his mind of misconceptions and puts the supreme responsibility of citizenship into bold relief. He will be quick to distinguish between his Guild regulations (which would have the sanction of law) and his higher rights as a citizen.

It is a profound mistake to assume that the State retains its power and influence by its statute-book. The promulgation and application of law probably weakens rather than strengthens its authority. It will be found, I think, that men set far greater store upon State policy and tendency than upon the laws adopted by Parliament. In their hearts and consciences the citizens look to their State to seize the abiding truths of every national and international situation ; they realise that spiritual life in the body politic is our ultimate defence against selfish interests, vaulting ambition, or arrogant pretension.

I have failed to convey my concept of the spiritual State—the *leit-motif* of this chapter—if my readers should infer that it is incapable of dealing with practical affairs. Clear and spirited thinking spells decisive action and not the impossibilism of the dreamer or the sentimentalist. Statesmen must always be confronted with practical problems. We shall finally judge them by the permanence of their solutions ; the stability or instability of their policy and decisions is the measure of their spiritual insight. But Democracy does not build upon single individuals however brilliant ; the democratic State is a spiritual State to the extent that its citizens realise the vital principles of social existence and insist upon their application to all alike, without fear or favour.

PART II

TRANSITION

I

SIGNS OF CHANGE

I almost invariably find people prepared, if only under logical pressure, to accept the reasonableness of National Guilds as an abstract economic theory, and many seem to have no misgivings as to their workability when once the Guilds have been established; but so often faith in the possibility of a Guild system breaks down at the question, "How is it to be brought about?" I believe that the transition stage is the weakest part of our exposition of Guild principles. I do not expect to be able to build a cut-and-dried system of the transitional process from wagery to National Guilds, but I wish my ideas were clearer; and I feel sure it would be a real help to other Guildsmen if you were to provide us with a lengthy article or a short series on the subject, or, failing this, if you would give us references both to your book *National Guilds* and to the articles which have appeared in *The New Age* in recent years, so that those of us who are really trying to get a firm grip of the subject might have the thing put to us in a nutshell.—H. E., in Letter to the Writer.

Nothing whatever is more needed than to kindle the imagination and the faith of Labour by a vision which shall be mighty, but at the same time true. As we shall show, any programme of Reconstruction must be as definite as vast, and as practical as audacious. The bolder the better.—*The Observer.*

It has been suggested that means must be devised to safeguard the interests of the community against possible action of an anti-social character on the part of the Councils. We have, however, here assumed that the Councils, in the work of promoting the interests of their own industries, will have regard for the national interest. If they fulfil their functions, they will be the best builders of national prosperity. The State never parts with its inherent overriding power, but such power may be least needed when least obtained.—*Whitley Report.*

Mr. Hobson's method of Guild propaganda reminds one of the furniture company's advertisement—"It's so simple." . . . And simple it all is if you can accept two large assumptions. The first is the easy transition from Industrial Unionism to the producing Guilds, a phase which deserves harder and more technical work than it has yet received.—*The Nation.*

We cannot regard human beings as if they were merely so many units of brain-power, so many of nervous or muscular energy. We must co-operate with them, and trust them as we ourselves should wish to be trusted. This position involves the surrender by Capital of its supposed right to dictate to Labour the conditions under which work shall be carried on. It involves more: the frank avowal that all matters affecting the workers should be decided in consultation with them, when once they are recognised as members of an all-embracing human brotherhood.—*Report of a Conference of Employers, chiefly members of the Society of Friends.*

May I be permitted to make a proposal which may serve as a step in this direction? Let the Government announce that they are prepared to grant a Charter to any industry in which the Masters' Federation employs 75 per cent of the workpeople and the Trade Union represents 75 per cent of the operatives, providing that application is made jointly by the two bodies, which Charter shall, *inter alia*, make it illegal for anyone but members of the Trade Union to be employed in the industry, or for any employer to operate unless he is a member of the Trade Association.—Mr. T. B. Johnson, a Managing Director, in *Land and Water*, June 12, 1917.

I. The Living Organism

The correspondent cited above understands that National Guilds is not a cut-and-dried scheme, but rather a series of proposals based on the principles which have been discussed in the first part of this book. There are others of a more literal turn of mind who look askance at principle and ask for something practical. There are yet others who, having satisfied themselves that the programme adumbrated is logical, expect it to be rigidly adhered to, denouncing all variations as heretical. The two latter types forget that we are concerned with a vast living organism, all its parts evolved in the slow process of time and by patient, human

effort. They convey the notion that society is a mass of clay, of varying degree of plasticity in its several *strata*, and only awaiting the impress of the Guild mould. If, in moments of despondency, we regard society as unresponsive clay—"finished and finite clods untroubled by a spark"—we speedily discover our error if we touch any of its myriad nerve-centres. But, since society is a living organism, it often contracts ailments that call for treatment, diseases that need the surgeon's knife. As in the individual life, so in the social, we must prudently consider if a surgical operation is inevitable. If yes, then Danton's advice holds sure—audacity, and yet again, audacity. The great revolutions of history, heroic and picturesque in many of their aspects, are mainly distinguished by prudent calculation. Necessarily so; for there can be no revolution without success—it is otherwise futile insurrection—and success demands prudence, foresight, and calculation, as well as courage and audacity. A revolution is, of course, a surgical operation; but it also marks a stage of evolution,—is a phase of the unending process of evolution.

If, in the future, the Guild life, with all that it stands for, finds its purposes frustrated by recalcitrant elements, then there must be a revolution. In the meantime it is wiser to presume the sway of reason. On two grounds: because the nation may willingly accept a reasonable solution; because, if revolution become inevitable, sagacious citizens must be convinced and find themselves ranged against the selfish interests. The Guildsman has everything to gain and nothing to lose by resorting, first and last, to reason.

In the long-extended gamut between the theoretical and the immediately practicable, it is difficult, if not impossible, to indicate precisely the present position of the Guild idea. It will not be denied that it springs from a theory which has been thoroughly explored; I shall adduce evidence that this theory is not in the

air, but is rooted in the reality of the practical activities ; that there is a significant correspondence between this theory and the facts of life, as they disclose themselves to the discerning eye. We are concerned with something that is not only palpably in the stream of tendency, but is sufficiently explicit in its main outlines to warrant us in regarding it as a definite scheme of life. Yet not so definite, so clear-cut, as to preclude constant amendment and variation ; not so specific that it cannot absorb new discoveries in the realm of thought ; not so dominant that it cannot adapt itself to new developments. There is no Guildsman so blind that he cannot appreciate the fluidity of social and economic life. Fundamentally, there is one thing he cannot forswear—the uncompromising rejection of the commodity valuation of labour. If a surgical operation become imperative, it will be the extirpation of wagery.

The following survey of the factors of transition will strengthen our conviction that, under capitalism, economic power precedes, governs, and (on due occasion) subdues to its own ends political and social life ; that, as Western Civilisation is, as I write, resisting an autocratic hegemony, so it must ultimately also resist and crush the anti-social hegemony of capitalism. But we shall also discover that as the disappearance of the autocratic and capitalist hegemonies, whilst freeing mankind from the duress of class domination, nevertheless involves the most extended inquiry into the true relations between the social and economic forces. That is to say that, however primary may be the industrial factors in the development of National Guilds, we must also measure their reactions upon the national life as a whole.

II. The Factors in Transition

In discussing transition, my method, however logically dangerous, must be inductive. The theory has already been deduced and stated ; my task now

is to see how far the facts chime with the theory ; if industrial and social developments, so to speak, meet the theory half-way : whether, in fact, the inferences from the abstract and the practical merge into a philosophic unity.

For our easier guidance, let me take a bird's-eye view of the factors to be discussed in subsequent chapters.

(i.) Having regard to the economic nature of National Guild proposals, it will be convenient to consider first their industrial aspects. I must discuss in detail, which I hope will not prove too tedious, developments in the workshop as they affect the argument. Since the abolition of wagery spells a new and higher status for the workers, it will be necessary to examine the present attitude of the Trade Unions to existing workshop practice. Coming more specifically to the workshop, we must ascertain precisely the real bearings of the shop-steward movement, its relation to the Trade Unions, its probable influence upon amalgamation, its attitude to management, its effect upon foremanship. But as National Guilds predicate the inclusion of all the workers in the industry, we must push our inquiry further, and ascertain whether the counting-house is loosening in its allegiance to management and finding community of interest with the workshop. Nor does that end our journey : we have still to inquire whether the management is so closely attached to the proprietary that the bonds cannot be broken. Finally, there is the pertinent query whether the proprietary itself has any economic function to warrant its continuance.

(ii.) If we distinguish Commerce from Industry by assuming that Commerce buys and sells what Industry produces, it is a vital part of our problem to serve upon Commerce our *quo warranto*. In the ensuing trial the true elements of exchange must be carefully scrutinised and their relation to home and foreign demands defined.

(iii.) As under capitalism Finance plays an important *rôle*, influencing Industry and affecting Commerce, the

time is ripe, and over-ripe, to decide whether the control of money and credit is, or is not, now on an inequitable and unstable basis—an instability illuminated, if not accentuated, by the war.

(iv.) The problem of agriculture, apt to be neglected in our industrial preoccupations, must next be considered. Important and fundamental though it be, we may find it not so germane to our inquiry as many expect. Its peculiar organisation renders it a problem in itself.

(v.) Next we must see what organic changes are pending in the Civil professions ; if their tendency is to move from their old individual base to the associative—the doctors, the engineers, the lawyers, the teachers, the chemists, the Civil Service. If the professions are at last finding their immediate safety in organisation, it will be for the Guildsmen to find whether such organisation hides a purely artificial condition, or whether it can be related to function. In any event, it will be essential to our future welfare to make sure that these professions serve a public purpose. That done, we shall see the Civil Guilds in process of formation, and their future secured, in part, no doubt, by organisation, but mainly and permanently in function.

(vi.) My inquiry would be incomplete unless I can promise my readers that education is coming into its own. Both civic and technical education, now struggling in hopeless confusion, must be analysed into their appropriate spheres of work. We can then test the accuracy of Guild doctrine in regard to future spiritual, intellectual, and practical thought.

(vii.) Nor can we avoid glancing at the post-educational factors that play their part in our cultured life, notably the Press and our system of publishing.

(viii.) The industrial advent of woman, followed by her speedy reception into the political family, cannot be ignored. I must try to understand how far her presence in industry may tend to prolong or shorten the duration of wagery. But, since spending and

distribution are essential economic functions, of prime importance to the moral and material life of the community, I shall be thrown back upon an inquiry into the value and necessity of home-building as a factor in National and Guild Life.

Our survey of these various factors must bring me again into contact with the State, the Administration, and the production and distribution of wealth. I can then test the theory of the spiritual State and the functional Government by ascertained facts. I suggest to the sceptical that if this inquiry be sincerely pursued, the result must either destroy the idea of National Guilds or finally establish it as a vital principle and process in our national life.

III. The Political Factor

I have already remarked that with wage-abolition all polemics based on the capitalist régime cease and determine. The most important of these is that economic power precedes and dominates political action. But this capitalist aphorism may persist with a new meaning. Its present significance is found in the historic fact that capitalism has directed politics to its own circumscribed purposes. The power it exercises is, strictly considered, only economic in a secondary sense ; in military jargon, it is an " operative corner " in a vast army of economic units. The conditions of its success are found, not specifically in its economic power as such, but in its capacity for swift mobility at the point of attack or of danger. It is economic in the sense that organisation is economic, in the sense that Trade Union organisation bears certain economic fruits. But if capitalist or Trade Union organisation merely exploits economic conditions, it may be proved to be uneconomic, or even anti-social. We have found by experience that Trade Unionism tends, in fact, to the increased production of wealth,

mainly because it has raised, within certain limits, the standard of life, and, therefore, improved Labour's capacity for production (expressed in the phrase " the economy of high wages "), and partly by its maintenance of the reserve of labour, generally known as the unemployed. That is to say, Labour organisation plays a definite and desirable part in our national economy. On the other hand, Capitalist organisation has mainly restricted itself to class aggrandisement. Labour organisation has benefited the community, and is, therefore, national in its scope and purpose ; Capitalist organisation has strengthened the master-class, and is sectional in its economic and social effects. We must not read motive into this generalisation : the different results that flow from Labour and Capitalist organisation are inherent in the principles that guide them. Labour, if completely organised, brain-workers included, would practically represent the nation ; the essence of Capitalism is that it claims for itself all surplus value, and is, therefore, anti-national in the same sense that Labour is national—it seizes for itself the daily heritage of the community. But, being a class compacted of special interests, it can mobilise quickly and form an " operative corner," both in industry and politics. With wage-abolition comes the dissipation of surplus value, and the capitalist class is undone. Since the origin of the phrase " economic power precedes and dominates political action " is found in the domination of the master-class in the political sphere, it follows that this particular polemic disappears with the disappearance of the class that gave it life and substance. It does not follow that the ensuing diversion of economic power renders it impotent in politics; it means, however, that economic power becomes truly national, and, in consequence, the face of politics is changed beyond knowledge. We pass from a class-struggle to a movement for the recognition and balance of function.

If we look beyond the anomalies and crudities of

Labour's political action, we shall find, I think, an explanation of much that seems incomprehensible or tortuous in the fact that it is compelled to take a much broader view of policy than need the capitalists. This view, whatever it may be, must not be narrower than the interests and sentiments of its supporters. It is not the narrow view that handicaps it ; it is the essentially wide view that loses depth and intensity. The prevailing misconception that it represents class interests is due to the form of its organisation, and not to the content of the ideas it expresses. But it lives in a perpetual dilemma : it instinctively realises the supreme value of communal life, because its own life coincides with and touches at every point the borders of the community, whilst in politics it has to work in an atmosphere and psychology, the emanations of the capitalist system and creed. Its instincts lead it to untrammelled function, to free play for every job ; politically it is compelled to accept the capitalist assumptions and argue its case, not on the assumption of wage-abolition but on the continuance of wagery. It is the pilgrim in the fable, struggling to pass through the doorway screened by an invisible curtain. Not till it draws its good sword "wage-abolition" can it cut its way through to fresh air and freedom. But the sword must perforce remain in its scabbard until Labour understands—what Capitalism enjoins—the priority of economic power in existing circumstances.

The political history of Labour enforces the truth of this. From the early days of Alexander Macdonald and Thomas Burt, the political power of Labour, both in and out of Parliament, has followed, is in fact the sequel of, economic power expressed in organisation.

It would, indeed, be a happy issue of all our troubles if this were the whole truth of the matter. Merely to capture Parliament with a Labour majority would obviously not suffice. Although related, the economic and political *media* are different. It is conceivable, I

fear by no means improbable, that the Labour majority might merely carry on the political traditions of its predecessors, as was the case in Australia. The problem is to correlate the political revolution thus accomplished with economic realities : to give legal form and civic consent to the new industrial system. To achieve this, ideas must be added to numbers ; the legions will miss their way and be thwarted of victory without good Staff work.

During the past decade, there can be no doubt that distinctively Labour problems have obtruded into conventional politics, whilst war-pressure has brought those problems into unexampled prominence. Not once nor twice has it become imperative for the Prime Minister himself to intervene in Labour disputes. It has been deemed vital by the governing classes that Labour should be represented in the War Cabinet ; that it should also be adequately represented in the Government by Ministers at the heads of various Departments. Government offices are now honeycombed by Labour men and women. The precedents thus created cannot but influence future affairs to an extent not now realised. But the lack of industrial statesmanship has fatally affected Labour, not only in the question of dilution (itself enormously important), but in its failure to evolve a political policy in any sense responsive to the industrial situation. In other words, Labour has been at the mercy of conventional politicians, who do not understand that Labour politics differ in substance and purpose from the politics of the master-class, whose habits and tendencies they ape without bettering. This is due to the mistaken belief that political action takes precedence ; it is a failure to relate politics to economics.

Broadly stated, there are two lines of action that Labour must pursue : it must apply to its problems the sovereign principle of wage-abolition—the rejection of the commodity theory ; sequentially, it must work out in detail all that is involved in the functional theory,

particularly aiming at such a balance of functions in every department of national life that practical equality in status and pay may be secured. Not until this is accomplished can we with truth declare that economic power is the servant and not the master in our national affairs.

IV. Conventional Politics

It is extraordinarily difficult to contrast conventional politics with the silent forces that move the Labour masses to thought and action remote from the formulæ that pass muster in Parliament and the Press for Labour politics. A striking illustration is found in the life of Sir Charles Dilke. This man, who combined monumental knowledge with delicate apperceptions and inexhaustible enthusiasms, was often spoken of as a possible leader of the Labour party. After having sacrificed the rich maturity of his experience on the altar of British hypocrisy, he steadily maintained his interest in the political issues commonly associated with Labour politics, winning back, in large measure, what he lost in a *cause célèbre*. In his later years, both before and after his emergence, he acted as friend and counsellor to literally hundreds of Labour leaders, who sought him for the information he possessed, and the sureness of his political touch. His biographer, Miss Gertrude Tuckwell, tells us that " the main purpose of his life was ' to revive true courage in the democracy of his country.' For the protection of toilers from their taskmasters at home and abroad, in the slums of industrial England and the dark places of Africa, he effected much directly ; but indirectly, through his help and guidance of others, he effected more ; and in the recognition of his services by those for whom he worked, and those who worked with him, he received his reward." [1]

All through his political life he believed profoundly

[1] *The Life of Sir Charles W. Dilke*, by Gwyn and Tuckwell. (London : John Murray.)

that Labour must seek its cures through politics. With this guiding principle it may be asserted that there was no legislative proposal aiming at Labour's easement which he had not thoroughly examined. As Chairman of the Industrial Remuneration Conference (1885), he was converted to the legal limitation of working hours ; we find him busy all through his political life on housing and other municipal projects ; he was among the first supporters of the taxation of unearned increment ; he demanded fixity of tenure and fair rents fixed by judicial courts ; he became a collectivist after the heart of Mr. Sidney Webb. It was on this programme that he was elected to Parliament by a mining constituency. Never had political Labour such a powerful and instructed champion. Nor did he boggle at a Labour party independent of Liberalism and Toryism. On the contrary, there seems some evidence that he engineered the way for the I.L.P. Lady Dilke spent time, energy, and money on the development of women's Trade Unionism, whilst both of them were assiduous in their attendance at the Trade Union Congress and other Labour conferences. If his great abilities in the end were deprived of their full scope, it is possible that Labour got from him more intense support and effort than would have been the case had his energies been spread over foreign affairs and a score of other political problems not peculiarly Labour in their tissue. He died in January 1911. To his family came " messages from every Trade Union and organisation of wage-earners, letters from men and women in every kind of employ, testifying of service done, of infinitely varied knowledge, of devotion that knew no limit, and that had not gone without the one reward acceptable to the man they honoured, their responsive love and gratitude."

The last five years of his life, when political Labour seemed triumphant, scoring one political victory after another, was a period of unprecedented prosperity. Rent, interest, and profits rose 22½ per cent ; British

capital went in predatory millions to every quarter of the globe—to South Africa and South America, to Canada's great land boom. Issues were applied for many times over; new industries grew, gourd-like, in a night. There was but little unemployment, and that was not acute. Yet, in these particular years of mounting profits, the Board of Trade, a few months after Sir Charles Dilke's death, informed an incredulous world that real wages had fallen from 7 to 10 per cent, prices and rent advancing from 10 to 16 per cent. Nor is that all: the period culminated in a series of strikes amongst the miners, railwaymen, and transport workers that seemed to portend a veritable revolution.

The curious thing about these strikes was that the political Labour party frowned upon them: averred that they were bringing it into disrepute: sought a settlement on disadvantageous terms.

An analysis of the anomalous position here indicated is not difficult. The politicians, immersed in purely political affairs, breathing the political atmosphere, thought only of reconcilement, of terms aiming at agreement between Labour and Capital, necessarily based on the continuance of wagery. Labour was hurt and protested by industrial methods; the politicians were liberal in their admonitions and sedatives—"strove with anodynes t'assuage the smart, and mildly thus their medicine did impart." Sir Charles and his Labour coadjutors had put the political cart before the economic horse; neither then nor now had they grasped the vital truths that spring from wage-abolition and the functional principle that relates it to practical affairs. The story of those delusive years is the epitaph of conventional politics.

V. The Governing Classes

Although the governance of a country must, in the ultimate, respond to the economic power behind it, we must also recognise that political power tends to remain

in the hands of the governing classes, who, with great or little wisdom, trim their sails and set their course in such wise that they continue to govern. The son inherits, but the family solicitor continues. The inexperienced son is naturally slow to insist upon his own way against the advice of his men of affairs, who work on precedent and tradition. The governing classes administer for the man in possession. They are careful not to antagonise him, but, if they dislike him or his ideas, they know how to thwart and reduce his policy to nullity. When, however, the man in possession feels his feet and realises his power, he makes changes in *personnel* to encourage the others. Gradually, in the course of years, his administrators conform to his wishes and the changes take effect. This is particularly the case in politics. Government is a function to which many families devote themselves, in the higher reaches of politics, in the lower reaches of the Civil Service. It is this class-continuity in government that disconcerts both the revolutionist and progressist. A great political victory is won ; the governing machine, manned by the governing classes, works on unperturbed. When Chamberlain and Dilke were the popular protagonists of the Liberal Government, they carried no weight in the Cabinet, which was under almost exclusively Whig domination. These Whigs knew that, since Administration was under the control of their family connections, they could impose their will on the Radicals by the simple expedient of frustrating either legislation itself or its administration. Notwithstanding three revolutions, there are to-day in France men in the Civil Service whose fathers, grandfathers, and great-grandfathers were there before them. Whatever the vicissitudes of government, they have outwardly conformed. The Vicar of Bray was not unique ; he was a type. In the conquest of economic power, to which National Guildsmen are committed, we must have regard to the attitude of the governing classes ; must compel un-

questioned obedience to the new order, on pain of swift dismissal. Here, again, it will be observed, the functional principle enters and cannot be ignored. Government is a function ; but unless strictly subject to the will and policy of the citizen-State, it becomes a tyranny. An economic revolution unguided by sound citizenship may also become a tyranny.

A biographical analysis of the governing classes would, I think, disclose a fact of some importance : that in these classes we discover the deposits of previous dominant interests ; that they represent economic power as a factor not fixed and determinate, not uniform in origin, but heterogeneous, the historic expression of power developed in different periods, merging into each other with conservative reluctance, under the *force majeure* of new ideas, new inventions, new methods, and an ever-widening horizon of new worlds to conquer and exploit. Under the surface unity of the governing classes (unity only operative when class-rights are threatened or invaded), we shall find new conceptions jostling ancient ways, modern enthusiasms at grips with old loyalties, a tumult of contending principles and philosophies, softened by social conventions acquired at the universities and public schools; a governmental club bound together by loyalty to the existing social and economic system, but otherwise exercising intellectual liberty. It is this diversity of intellectual conviction that lends glamour to the life-stories, papers, and letters of the leaders of the governing classes. It is this diversity of outlook, expressed in conventional politics, that distracts men's minds from the sterner task of achieving a true democracy.

There is thus a blending of past and present power in the governing classes. Amongst many confluent influences, the predominant are the Tory, *pur sang*, the triumphant Whig, who has known how to make the best of both worlds, the earlier manufacturing families, now intermarried with their former masters,

and a sprinkling of the more adaptable *nouveaux riches*. These strains not only persist in politics but are reflected, through family cadets, in the purely administrative offices. But their aim is not only to govern and administer ; they also set the tone of more serious and responsible Society ; they have constituted a code of morals and manners, exclusive enough to kindle in the rising man an ambition to enter the select circle, yet not so exclusive as to create for themselves a too obvious prominence and isolation. Bebel noted it, remarking that bourgeois leadership in Great Britain was the most acute and politic of any nation. But he who wins through to membership in the governing fraternity must play the game or pay forfeit. Sir Charles Dilke's promotion in the hierarchy was barred for many years because he took a Radical line on the Civil List. When Chamberlain welcomed John Bright at a great demonstration in Birmingham, he said that they were all the happier for the absence of royalty and the trappings that go with it. Queen Victoria vented her displeasure and the harmless speech gave Gladstone endless trouble in composing the quarrel. The theory of it is not without interest. The Crown is the symbol of government ; therefore Ministers are directly the servants of the Crown and must do nothing to depreciate its authority. In and out of Parliament, this rule is the prime factor, the supreme principle to which the governing classes must bow. In the early 'nineties, a ghastly mine explosion coincided with some Royal domestic event. The Leader of the Commons, on giving notice of a vote of congratulation, was also asked to move a vote of condolence. He declined : the two events were not on the same plane. Recently, the Leader of the Commons, on giving notice of an address of congratulation to the King on his silver wedding, was also asked to move a vote of congratulation upon the events connected with American Independence Day. He declined. Nor was it empty convention that led the Prime Minister to say : " The

stability of the Throne is essential to the strength of the Empire, for it is not merely a symbol of unity, it is in itself a bond of unity." The stability of the Throne is, in fact, essential to the continuance in power of the existing governing classes. In an economic democracy, a monarchy is not only incongruous but impossible ; citizenship itself assumes the sovereign quality. It was too much to ask ; the official elements could not, without stultifying themselves, at once congratulate a monarch and celebrate the foundation of a republic.

As a general rule, the governing classes contrive to cover their policy and purposes by associating themselves with popular ideas and sentiments. At this they are past-masters. Occasionally, however, there are indiscretions when we see their real attitude towards the wage-earners. The most recent case is Lord Ribblesdale, a wayward Whig of unusual ability. His son, Charles Lister, born in 1887, a lovable youngster of generous impulses, flashed among the stars of the I.L.P., scattering his *largesse* of exuberant youth and spiritual resilience among those drab sentimentalists. From transient membership of the I.L.P. he passed into the Diplomatic Service, being attached in turn to the Embassies at Rome and Constantinople. At the outbreak of war he joined the Naval Division, was several times wounded, declined to return to the Foreign Office, went back to the firing-line, paid the final price. As he lay dying, he browsed dreamily amongst his favourite books—the *Purgatory* of Dante, the Oxford book of Italian verse, the *Life and Works* of Goethe, a D'Annunzio novel, and the *Imitation of Christ*. He was buried at Mudros, almost within sound of the heavy guns. A memoir, written with admirable restraint by his father, has now gone through several editions.[1]

Lord Ribblesdale tells us that they were neither pleased nor displeased when his son joined the I.L.P. " His mother thought it a mistake to contract himself

[1] Charles Lister, *Letters and Recollections*. (London : Fisher Unwin.)

out of being helped by the machinery and caucus support of either of the two great recognised parties—at that time a condition of adoption and grace—but she was reassured by Mr. A. J. Balfour, who was mildly interested and approving. Indeed, he pointed out to her that Charles would get all sorts of experience and some sort of special knowledge which might be of more use to him in after life than if he kept Selling Platers or ran an actress. I was present and heartily concurred." "Either of the two great recognised parties!" It "might" be better than "running an actress"! Could contempt for a Labour organisation further go? But now for the young man himself. "He never weakened in his liking for the landed gentry, the amusements of the leisured, and the Anglican clergy. Even the one or two important nobles whom from time to time he encountered did not appear to make any disagreeable impression on him; indeed he often commended their spacious ways of providing good outdoor pleasures and good fare for themselves and others." A year or two after we find him in Rome, under the courtly tutelage of Sir Rennell Rodd, the British Ambassador. This gentleman, who is supposed to represent all sections of the British nation, quotes approvingly the late King Oscar of Sweden: "A young man who has not been a Socialist before he is five-and-twenty shows that he has no heart; a young man who remains one after five-and-twenty shows that he has no head." From which we may infer that kings and ambassadors may have neither heart nor head. In August 1911, Charles Lister, writing to a young fellow-aristocrat, caps the story of his Socialist adventure: "It is appalling. I feel the Labour grievance as strongly as ever, but I've lost faith in most of the remedies I used to believe in. If only they could get back to the old sober trade unionism and to collective bargaining on the same lines. But a change of spirit in most of the trade unions is required before this is achieved. They are

shockingly out of hand—except the miners and the great cotton-trade organisations."

I prefer to think that the phrase "shockingly out of hand" was not his own; that it came from the Ambassador's dining-table. But what a flood of light it all throws upon the ruling powers' attitude towards the patient mass of Labour that really constitutes the nation! No vulgarian family this: every member of it seems trained to a spacious life, to high thinking, to art and literature. Yet to them this connection with Socialism of the mildest type is an amiable adventure, not to be taken seriously, better on the whole than Selling Platers or running an actress. Finally, the dominant *trait* will out—"they are shockingly out of hand!" Unhappy Charles Lister. "When he heard this, he was very sorrowful: for he was very rich."

We may surmise that the influence of the Foreign Office, with its detached views of sectional life, had brought our young Socialist hero to a love of more flaming affairs than the pedestrian business of wealth production and distribution. "I love my work and am thrilled by *Weltpolitik*," he writes to a friend. The governing classes have been at considerable trouble to keep the Foreign Office as their special preserve. Not without good reasons: for they are not only national, they are international. Their birth and training give them the *entrée* into the governing houses of Europe and America; they intermarry; they have interests in common, notably as bond-holders, who levy tribute on all the toilers of the world. They know how to speak to their international brethren; deep still calls to deep. Be assured, too, that foreign policy must profoundly affect home affairs; on due occasion forces domestic politicians to be silent and to impose silence on the *hoi-polloi*. The workers must observe discipline: must not get "shockingly out of hand." At the height of the Dreyfus tumult, Caran D'Ache pictured in a cartoon French public opinion as a great boulder of granite.

One tiny corner of it represented the intellectuals. The same boulder would do for the control of foreign policy. Almost invisible, a mere speck, would be the Henderson mission to Petrograd, the first breach, so far as I know, into the aristocratic control of foreign relations. We need hardly be surprised that it was rendered abortive ; the governing classes saw to that. What would happen if official Labour missions were encouraged ! Democratic diplomacy would sound more than one funeral knell.

Certain though it be that economic power shapes political action, it is well that Labour should understand that our present rulers have covered the national dish with a hard crust difficult to break. " Upper crust " is more than a Cockney term ; it is a reality. The breaking of this crust is part of the Labour programme ; a task that must automatically follow each stage in the conquest of economic power ; that can only be accomplished by transmuting its acquired power into a triumphant and sovereign citizenship.

VI. The Solvent of War

Difficult though it be, it is essential to discuss the case for National Guilds on the assumption that we are living in normal times ; that there are neither wars nor rumours of wars. Difficult ; impossible rather : for the war has entered into our being ; will leave behind legacies and influences whose effects will be felt for all time. Rash indeed is he who claims to foretell those effects ; the sparks fly from the anvil in ways unforeseen, some on tinder, from whence fire may spread with flaming tongues. The permanent results of the war are yet to seek ; what seems permanent may be but transient ; what seems insignificant may prove to be the cloud no bigger than a man's hand. It is probable, though by no means certain, that those things which have passed into our language as definite terms will be the most enduring. We instinctively seize upon the essentials and give them

distinctive names ; our vocabulary springs from something deeper than surface reason ; we feel before we analyse ; language comes before grammar. Thus safeguarded from the dogmatic, with no pretence at prophecy, I may perhaps suggest future problems by applying this language test.

(*a*) *Man Power.*

Much intellectual water has flowed under the philosophic bridges since Swinburne sang : " Glory to man in the highest, for man is the master of things." Those were the days of Mazzini and Walt Whitman, when man was deemed triumphant over time and circumstance ; when the possibilities of the soul of man were canvassed in no theological spirit. Now we are confronted with Señor de Maeztu's declaration of the primacy of things.

Critics affirm that this is a war of machinery. The engineer claims that we must look to his skill for victory. " Protect me from active service, supply the raw material, and I'll win the war," he says. So, in large measure, we retained him in industrial employment. He produced tanks, aeroplanes, guns, boats, bridges, military stores of every kind, which were sent to the front. A prodigious effort. But the soldier reflects : " What," he asks, " is the value of these monstrous accumulations of material if the enemy can walk through and capture it ? " The statesman also reflects : " How am I to produce all this machinery without men. Samuel Butler wrote of machinery producing machinery as women bear children. Not yet ! We must have men. If not men, then women." Both the soldier and the statesman reflect : " Here are men and material. Of what avail are they without brains ? You cannot have brains without men." Thus, whether or no it be a war of machinery, the national instinct does not crystallise into " machine power " ; " man power " is the cry that wells up through the conscious from the subconscious.

Not machine power, and curiously enough not "labour power." It is an unconscious rejection of the commodity theory. It is not the labour commodity the Army asks for ; it is men. Neither is it the labour commodity that munition factories demand ; it is men. The Army says : "We want men who will do and dare ; not so much human energy carefully calculated at so much per day." The munition factories say : "We are not putting labour on a commercial or commodity basis. True, the wage-system continues, but wages are now of secondary importance ; what counts is the national safety ; men are more important than commodities—even than the labour commodity." The economic distinction between man's body and the labour power in it, which puzzled Marshall, which is vital to the commodity theory, has been torn to shreds in the violent reactions of war.

Then, again, there is a group of problems revolving round the conservation of man power. In the Army the Medical Corps is busy estimating the percentage of casualties it returns to the fighting front. Is it 65 per cent ? Make it 70 per cent. The cost ? Never mind the cost. If you can make it 75 per cent, then double the cost. Can you make it 80 per cent ? Then treble the cost. Remember that the really important thing is man power. In munition work the doctors are carefully indexing results of strain. There is now a small library on industrial fatigue. Man power is precious ; how foolish to strain it beyond endurance ! Present man power : the future also. Never before have we looked so anxiously at the birth-rate. Recently it was proclaimed with elation that Great Britain is the only European country with a rising birth-rate. Even illegitimate children are not now ignored ; the unmarried mother is no longer scorned. Not because of her enigmatic eyes ; she is the mother of a child. Better still, of a man-child.

(*b*) *Dilution.*

The original meaning of "dilution" has been diluted. We know the word in chemistry and industry. The dilution of spirits is known to drinkers ; the conscious and deliberate dilution of labour is a new phenomenon. Historically considered, it is a corollary to man power ; in fact, it is a recognition of the existence in our midst of untrained labour and an assertion that we can maintain production with a minimum of skilled labour plus a maximum of automatic machinery and unskilled labour. It is a challenge to the craft unions. It will be necessary to examine, in some detail, the economic effects of dilution. I shall not now prejudge the results of my inquiry, beyond warning industrial craftsmen that their claim to craft monopoly rests on a dubious foundation ; that their economic strength is more surely found in organisation than in skill. The skill is undoubted ; the point is that it is either widely spread or more easily acquired than the craftsmen would care to admit. In my own experience, I have met many employers who prefer to retain their dilutees when the time comes for them to make way for the returning craftsmen. This is no revelation to those who have watched industrial developments during the last twenty or thirty years. The adaptability of the average Englishman in mechanical pursuits has been proved time and time again.

(*c*) *Rations.*

Without verifying my references, I suspect that every dictionary in existence would relate rations to victuals. Like dilution, the war has widened its meaning. We ration food ; we also "ration" wool, cotton, coal, metals ; we are now discussing the "rationing" of clothes ; when the "embargo" was put upon certain munition firms, we wrote almost naturally of

"rationing" men. The word has come to mean equality of opportunity. If the war were to continue indefinitely, it would involve actual equality in the necessities of life. By mismanaging their diplomacy—a function they jealously retain in their own hands—the governing classes may even yet be compelled to pay the price of equal rationing, without regard to unequal incomes.

If I were disposed to prophesy, it would be to affirm that the most significant legacy left by the war will be the idea upon which rationing is based. Fundamentally, it is economic democracy ; from the idea of rationing, one can argue not only for class equality but for equality of pay. In war we are all in it together ; yes, but also in peace.

(*d*) "*The Democratic Nations.*"

A few Bourbon remnants excepted, our political leaders have now unanimously declared for Democracy. Circumstances have driven them to it. The only way to induce the workers to join in the war was by assuring them that Democracy was in danger. And so it was. As the war proceeded, it became clearer that we were fighting an autocracy. The governing classes therefore had to denounce the autocracy ; they must not, whatever the cost, be tarred with the autocratic brush. Mr. Balfour went to America ; doors were thrown wide open to him ; he was charmed. "Surely," he thought to himself, "this is better than Germany or Russia. The one is coarse and the other cold." So he proclaimed himself a democrat. The Colonies, too, had to be considered ; Australia and Canada were in no mood to suffer aristocrats gladly. We were in alliance with France ; subsequently with America. Democracy became the word. Nothing more than political democracy, *bien entendu.*

Not only the word but its political implications have pierced the circle of the governing classes. Nothing alarming or significant in it ; British, French, Italian, and American capitalisms have thriven, each in its own

way and all in common, upon political democracy. But man power is an economic problem; dilution is an economic problem; rationing is an economic problem; the idea of democracy knows no frontier between the political and the economic. War is certainly a potent solvent; it is our business to understand and apply the solutions it throws up from the depths of its cauldron.

II

THE WORKSHOP

I. Part and Joint Control

The point of my present inquiry is to ascertain how far industrial developments coincide with National Guild principles. The essence of those principles is Labour's monopoly of labour ; their logic implies absolute and not part control of labour—from the earliest stages, when variations of practice shade into obvious change, when change finally marks a definite development. Thus, from the Guild standpoint, absolute control over ten square yards of a factory is more consistent with Guild theory than part control over the whole establishment. Like all sound theory, this has its practical application. Part control is a compromise ; once admitted, it is extremely difficult to disperse. Between the absolute, and the partial, and representing another train of ideas, we shall sooner or later encounter joint control, the real beginning of Labour's responsibility in industry. The gravamen of the Guild criticism of the Whitley Reports is, not only that they begin from the top instead of from the bottom, from the Board Room instead of the workshop, but that they vitiate *ab initio* the idea of absolute control, even in its most tentative forms. But the form of control must ultimately be determined by the relative strength and efficiency of Management and Labour. Whatever its guise, control is inevitable.

We cannot appreciate the transitional aspects of workshop practice without a short retrospect. In 1911 and 1912, when the Guild pioneers were formulating National Guild principles, the prospect of any kind of workshop control, absolute, partial or joint, seemed remote. To entertain the idea was an act of faith. The employers had barely become accustomed to the general recognition of trade union terms ; they were still firmly convinced that they were masters, in every sense of the word, inside the walls of the buildings they had erected. It had never occurred to them that the provision of those buildings was an implied contract between themselves and their employees. They had drawn the workers from their old home crafts by subtle inducements, notably a place where men could with enhanced economy work in common. As time passed, the State and the local authorities jointly imposed a sanitary standard, subsequently limiting the hours of labour in certain industries. The community said : " If your employees must work in your factories, you must provide decent accommodation ; nor must you work them excessively long hours, without our knowledge and consent." It yet remained for the workers to say : " If you want us to work in your buildings for your own profit, that does not mean that when we enter we are no longer our own masters." Broadly stated, ten or even five years ago, every management acted on the assumption that, once the wage-rate was fixed and traditional methods remained unchanged without consultation—this being regarded as an act of grace—the wage-earner had to toe the line and obey orders without question. The power of dismissal generally rested with the foreman. The despotism implied in these powers rested upon the employers' unfettered freedom to pick and choose between their present and reserved labour. When this reserved labour was drafted into the Army, new conditions supervened and " works committees " sprang up like mushrooms. Here before me, as I write, are the

particulars of Works Committees, in twenty-three firms, details in addition of one national and two district schemes.[1] Some of them are undated, but apparently, with one or two exceptions, they may be traced to the disappearance of the unemployed reserve, the consequent appreciation of the commodity value of labour, developed indeed into a human value, and of course to the urgencies of the war.

The fact that these committees are in existence marks an advance in the power and influence of Labour in the workshop, an acceptance, largely unconscious, of the concept of labour as a human factor rather than a commodity. But it is by no means general. Thus, out of eighteen employers who were questioned as to the value of works committees, eight were unfavourable. The reasons given are suggestive : (i.) " Encourages men to leave work to engage in business which management should attend to " ; (ii.) " Power is taken from management and exercised by the men " ; (iii.) " Simply looking for trouble " ; (iv.) " Advantage would be taken to look for trouble " ; (v.) " Any amount of friction would ensue " ; (vi.) " Afraid grievances would only come from one side and little endeavour would be made to assist the management in conduct of works." Nor was unanimity found amongst the trade unionists in the same district. The opinions of sixteen were invited. Of these, seven were employed in establishments having works committees. Of these, five were favourable and two unfavourable ; of the remaining nine, four were favourable and five opposed.

The condition common to all these works committees is that their function is passive and not active ; control by the management remains intact. The works committee helps the management to control; it exercises no control ; its existence is a compliment to its influence, an ingenious method of utilising that influence for the

[1] *Works Committees*, Report of an Enquiry made by the Ministry of Labour. Price 6d.

smoother working of the staff. That the management retains full administrative control is implicit in all the constitutions of these works committees. The Committee at Hans Renold, Ltd., Manchester, is often cited as a model of its kind. The directorate says : " From the point of view of the men, the advantage of the Committee is that they can go direct to the management, while before they could only go to the foremen. From the point of view of the management, the Committee has, on the whole, conduced to smoother working of the establishment." Later comes the illuminating remark : " Both the Welfare Committee and the Shop Stewards' Committee are used in this establishment as means for the announcement and explanation of intended action by the management." Obviously all this is intelligent and progressive capitalism ; it signifies no kind of Labour control. Profiteering merely proceeds in more friendly surroundings. The same criticism generally applies to the constitutions of other works committees. All their discussions finally end before the management ; it is the management that decides.

Disregarding for the moment the dynamics of the new Shop Steward movement, looking at it as a static problem, it would seem that the management takes every factory function under its charge ; the function of the works committee is extraneous and bears only indirectly upon the productive and distributive processes, the *raison d'être* of the factory. Viewed functionally, therefore, the conclusion is that these committees confer no vital rights or powers upon Labour : are but an appanage of management, until Labour claims and exercises active control over its own work. That involves a marked restriction of the managerial function ; Labour takes over its own line of trenches, under its own command and control. When that is done, the management will no longer announce and explain its intended action through the works committee ; both management and

committee will move in their separate spheres, in accordance with their defined and agreed functions.

II. The Foreman

The question suggests itself whether these works committees will become the *nuclei* around which will cluster the forces destined to destroy wagery. Who knows ? By rigidly adhering to their present duties, by smoothing out grievances, by becoming a moderating influence, they might conceivably grow into a buttress of the existing system. As things are, they have certainly earned warm encomiums from some employers. But difficulties may be thrust upon them, which will push them into antagonism to the management, on pain of losing the confidence of their constituents. Not to dig deeper, there is the question of the foreman. Bad foremanship is a prolific source of discontent and disorder. The great majority of minor disputes can be traced to foremen, who are either inexperienced or blind to modern developments.

Now the foreman exercises a dual function : he is responsible both for discipline and technique. He is expected to possess personal qualities to compass both ends, qualities that are not necessarily harmonious : may in fact be repugnant to each other. To induce a wage-earner to make a special product may mean a blind eye to breaches of discipline ; to enforce strict discipline may bring down quality to the unattractive mediocre. In purely quantitative production he may perhaps hold his own ; in work demanding craft and skill he frequently finds discipline the enemy of genius. His position has become anomalous. It is clear that the works committee now trenches upon his power of discipline : has brought the superintendent into direct touch with the wage-earner. Either half his occupation goes or the works committee becomes a fifth wheel on the coach. Constituted as they are, debarred from

direct interference in the manufacturing processes, the works committee must more and more concern itself with discipline, supplanting the foreman in this particular at least.

When we come to consider the problem of collective contract, probably the most effective step towards absolute control, in the sense implied, we shall find that the foreman's control and technique is again restricted. If a group of men engage by contract to make a certain thing, it is evident that they will not tolerate the surveillance of a foreman. Their contract will doubtless provide light, heat, power, machinery and perhaps tools. Beyond that, they become absolutely their own masters and independent of either foreman or superintendent. In many industries we have a well-established system of sub-contract, in which the foreman already plays an insignificant part. Collective- and sub-contracting are different in form and purpose ; both tend to eliminate the foreman as we know him to-day.

As transition proceeds, as discipline and work gravitate towards the heavier Labour body, the foreman will become less a factor in production and more a symbol of the capitalist system. As his authority *qua* foreman is minimised, he still remains the agent of the employer, charged to examine and accept the products of the contracting group. As agent, he would doubtless be in charge of the materials supplied by the management in accordance with the contract. He is reduced to the position of watch-dog, with no enfranchised worker so poor as to do him reverence. But we need not anticipate. Mild and docile though they are, the works committees even now find a problem in the foreman. The report from which I have quoted notes that there are three groups of opinion. " Many employers hold that it is purely a management question. The opposite extreme to this is the claim made by a considerable section of trade unionists that the workmen should choose their own foremen. A position intermediate to these two

extremes is taken by a certain number of employers and by a section of workpeople ; the appointment (they feel) should be made by the management, but it should be submitted to the works committee before it becomes effective." But what is meant by "submitted"? The employers who favour it do so because it affords a suitable opportunity of explaining their reasons for the appointment. It is hardly surprising, therefore, that "a considerable body of workpeople . . . think that the works committee should have the right to veto the choice made by the management." The underlying assumption is the persistence of the type of foreman now functioning. But (as we have already seen and shall see more clearly, when we examine the possibilities of collective contract, with the wider sweep and more stringent methods of the new shop-steward movement) this assumption ignores the foreman's change of function as inevitable in the infiltration of industry by economic democracy.

Although these works committees would appear to be innocuous, not in themselves a threat to capitalism, we can see that, once started on their way, they may disturb the balance between Capital and Labour and finally be compelled to cut a swathe of their own, the alternative being virtual extinction. This swathe cuts across the course of the foreman, the employers' representative in the workshop. That, in its turn, raises a democratic issue in industry not now likely to be silenced. The works committee is a hostage sent to Labour in despair ; it will finally be returned to the employer, damaged, I fear, in transit. Meantime, its corollary, foremanship, recalls one of our earliest contentions : "We believe the workman is the shrewdest judge of good work and of the competent manager. Undistracted by irrelevant political notions, his mind centred upon the practical affairs of his trade, the workman may be trusted to elect to higher grades the best men available." [1] The emergence of the idea of the

[1] *National Guilds*, p. 149. (London : G. Bell & Sons.)

democratic election of foremen is no mere coincidence. It is a proof, I think, that National Guildsmen correctly diagnosed the symptoms.

III. Collective Contract

A tyro in social economics would see at a glance that these workshop committees inaugurate a striking departure in workshop organisation. Where the real business is production, it is evident that a workshop committee concerned only with amenity and discipline has but a short course to run. It may and does show some myopic gropings for a new status ; as yet it has not realised that higher status comes from control of production and not from responsibility for discipline. It is, therefore, inevitable that the more alert and aggressive minds should look beyond discipline to production, beyond form to substance. They may say, in effect, " Give us control of production and discipline will follow. Without control of production, discipline must be imposed from above, and, therefore, be artificial." Yet another consideration weighs with these minds. A committee is, after all, a mechanism. It must be constructed for a purpose. The object must first be formulated ; the organisation is next formed to achieve it. It is clearly of first importance that we should know what purpose is taking shape before we can appreciate the value and significance of the workshop committee. If, for example, the formative elements in the Labour army were willing to continue wagery indefinitely, were content to leave the profiteers in control, we need look no further than to the present orthodox workshop committee, which would remain an emollient to soothe industrial irritation. If, however, it became evident that workshop profiteering (we may, for the moment, disregard the commercial aspect) was doomed, if the organised workers were aiming at industrial democracy in the workshop, then it would follow that the structure

of these committees would be adapted to the end in view. At the present moment, any movement, however restricted, aiming at control over production, must be clothed with significance : must be regarded as an initiatory effort, as a sure sign that our deduction is sound. Nor would it be surprising if the movement came from the Clyde, a district where they are not afraid of fundamental principles : where, more than elsewhere, efficient capitalism is confronted with Labour, organised and studious.

In a pamphlet issued by the Paisley Trades and Labour Council [1] comes a call to pass beyond discipline to the productive processes and an organisation outlined to realise it. " Only the apathy or disloyalty of the workers themselves," write Messrs. Gallacher and Paton, " can prevent the works committees having in a very short time the experience and the authority to enable them to undertake in one large contract, or in two or three contracts at most, the entire business of production throughout the establishment. Granted an alliance with the organised office-workers—a development which is assured so soon as the Shop Committees are worthy of confidence and influential enough to give adequate protection—these contracts might include the work of design and the purchase of raw material, as well as the operations of manufacture and construction. The contract price or wages—for it is still wages—will be remitted by the firm to the Works Committee in a lump sum, and distributed to the workers by their own representatives or officials, and by whatever system or scale of remuneration they may choose to adopt. If, as is likely, a great Industrial Union has by this time taken the place of the sectional unions, these financial intromissions may be carried out by its District Executive instead of by the Works Committee. A specially enlightened union of this sort would no doubt elect

[1] *Towards Industrial Democracy*, a Memorandum on Workshop Control. By W. Gallacher and J. Paton.

to pool the earnings of its members and pay to each a regular salary, weekly, monthly or quarterly, exacting, of course, from the recipient a fixed minimum record of work for the period."

The writers' conception of works organisation must be coloured by the end in view, and we may, therefore, expect from them proposals that go beyond discipline and amenity. They suggest:

1. A Works Committee, elected by and from all the trade unionists, skilled and unskilled, in the various departments, one representative to every fifty workers.

2. Departmental Committees, to work under the direction of the Workshop Committee. Amongst other duties, such as ensuring trade union standards and agreements, negotiating with the departmental management, recording changes in shop customs, the root of the matter is found in its proposed function as the sole medium of contract between the firm and the workers, and to exercise full bargaining powers on behalf of the men and women in the department in fixing time allowance where the premium bonus operates, and rates where piece-work obtains. Individual bargaining disappears ; collective contract supplants it.

From the department as the centre, Messrs. Gallacher and Paton argue outwards. The Department Committee reports weekly to the Works Committee, which naturally preserves a balance as between the several departments, and deals with the firm precisely as the Departmental Committee deals with the departmental management. The Works Committee, in its turn, is to report to the Allied Trades Committee, which is to co-ordinate methods generally in its own district, and be the sole intermediary between the Workshop Committees, and all and any joint bodies of employers, State Committees, Government Departments. This Allied Trades Committee, in short, must not only co-ordinate methods, but shape policy.

It will be observed that the Allied Trades Committee

is really the pendant of existing trade union organisation. With the formation of Industrial Unions, its function would be absorbed by the larger and stronger body.

The workshop organisation here figured by these two Labour leaders is evidently, both in form and purpose, a very different thing from the official workshop committees, described in Section 1, about which some employers and social writers have grown lyrical. The reason is simple : discipline is transcended in the real economic function : is implicit in that function : springs naturally out of fruitful soil, and need no longer be artificially imposed. As the greater includes the less, so the principle of collective contract carries discipline and amenity in its stride.

As its name implies, collective contract is frankly the halfway stage between existing workshop conditions and Guild organisation. It is obviously a contract between employers and employees to consolidate wages into one or two contracts instead of five or ten thousand contracts, as is the case to-day. It remains the wage system of payment, inasmuch as labour is still valued as a commodity, and, as such, goes into the cost of the finished product : remains a commodity of fluctuating value, subject to changing market conditions, instead of a human value, unchangeable, in the financial sense, through the vicissitudes of local, national or international barter. Messrs. Gallacher and Paton recognise this : " Now, it is true, that even when we have got so far, we shall not yet have destroyed the wage system. But we shall have undermined it. Capitalism will still flourish, but for the first time in its sordid history it will be in real jeopardy. With such a grip on the industrial machine as we have postulated, and backed by the resources of a great Industrial Union, or it might even be a Federation of Industrial Unions, the Committees could soon force up contract prices to a point that would approximate to the full exchange value of the product, and put the profiteer out of business." On

this last point, the authors are on difficult if not disputable ground. Exchange value is what the *entrepreneur* can make it, and so long as he has contract prices to work on, he can indefinitely plunder the consumer. In the ultimate, Guild organisation, or whatever approximates closest to it, must control distribution, which is a process of production. Any recognition of the commercial control of distribution would carry in its train disastrous results. But the collective contract here adumbrated makes no pretence to being in itself an economic system ; it is what it claims to be—a development of the wage system, a stage in workshop control, incidentally of discipline, mainly of production.

Whilst the orthodox workshop committees are static in conception, based on "the permanent hypothesis," [1] the principle of collective contract possesses within itself the magic of its own metamorphosis. It breaks into the sacred ark of the capitalist covenant, setting in motion forces hitherto deemed to be strictly within the control of the employer. Take, for example, the proposal that an Industrial Union should receive the total labour earnings and return them to the workers in weekly, monthly, or quarterly payments. At the first blush that looks like a simple cash transaction. But it might and ought to mean much more. How do the employers obtain the credits necessary to them in the conduct of their business ? They obtain credit, either in the form of new capital or bank accommodation, strictly upon the understanding that they can control the demand and supply of the labour commodity. It is only by maintaining this control that they can pay interest and repay loans. There is literally no other way. But the banks, in their turn, co-ordinate credits mainly on estimates of future production and partly by controlling the gold reserves—gold being the basis of the banking system. Now suppose that collective contract established itself

[1] I first applied this term to the wage-system in *Guild Principles in War and Peace*. (G. Bell & Sons.)

throughout the industrial system. It would represent an annual payment *in gold* of about £1,000,000,000 per annum. This does not inconvenience the Banks, because the gold values quickly trickle back into their coffers, through the accounts of retailers and wholesalers. If the Industrial Unions kept an ordinary bank account and paid cheques in the usual way, it would remain a cash transaction, and nothing more. But is it likely that an organisation capable, not only of influencing credits but of accumulating gold, would be content to let such stupendous advantages remain with the capitalist organisation? An Industrial Union that knew its business would—indeed, must—constitute itself a Bank, and pay its members by honouring their cheques. I have elsewhere written: "The object of measuring the wage-slave's labour by gold is that the dividends paid out of labour shall be paid in gold. The valuation of labour and the products of labour by a gold standard are obviously the perquisites of the present banking system, and are a fruitful cause of tyranny. The system puts a heavy premium upon gold, and a tyrannous discount upon labour."[1] No change in the present system of currency is possible until Labour consciously controls the productive processes. If Labour travelled as far as the point indicated by Messrs. Gallacher and Paton, it is at least possible that it would utilise the co-ordinated credit that automatically falls under its control in a way very disconcerting to currency monopolists.

Nor must we omit to note carefully that the authors take into their purview the purchase of raw material. There is no reason why they should leave this to the employers, because the employers obtain credit for the raw material upon their guaranteed control of the labour commodity, a control that, by hypothesis, has passed to the Industrial Union. Thus, the Industrial Union Bank, either on the balance of savings left in its care, or by pledging the continued labour credits of its

[1] *National Guilds*, p. 182, "The Finance of the Guilds."

members, all of them actual producers, could itself purchase the raw material, and cut loose from capitalist control in this respect as in the simpler process of labour supply and organisation.

Although Messrs. Gallacher and Paton are, I think, intent upon a more modest programme, it would be more prudent if they faced the inevitable results of their proposal. They would seize two functions hitherto assigned to the capitalist—the control of labour and the purchase of raw material. It is essential that they should accept the implications of their principle. These implications, if grasped by the workers, accentuate the motive of collective contract, rendering its attainment vastly more attractive.

IV. The New Shop-Steward Movement

A book might be written upon the historic results of an inadequate vocabulary and the confusion arising from words and terms that cover a variety of meanings, often diverse. Thus, since the war began, we have an old and a new conception of the term "shop-steward" and its constant use in two different senses, at the same time, in the same industry, and often in the same workshop. The future student of industrial problems, as they present themselves to-day, will be liable to stumble into false conclusions, unless he realises that there are shop-stewards and shop-stewards. There have been half-hearted attempts to distinguish the earlier type from the later by describing the new development as the "rank and file" movement. On the whole, however, we must take it that a new meaning is gradually being read into the term "shop-steward." There has been, in fact, a struggle for possession of the name between the old orthodox trade-union use of it and the new movement, which would endow it with added powers and a fresh meaning.

In practically all the works committees to which I

have alluded, the shop-stewards and representatives must be endorsed by their respective trade-union branches. This continues the trade-union tradition that the branch is the centre of activity. The old-time shop-steward was, and remains, the representative in the workshop of the trade-union branch. He still reports to the branch, still watches the interests of his union in the shop, satisfies himself that the men in the shop are in full membership, guards against innovations that threaten trade-union conditions and standards, and, generally stated, is the connecting link between the bench and the branch. But it is not he of whom we have heard so much during recent years ; he is not the bogey of the Press and bureaucracy : on the contrary, he is universally recognised as eminently respectable, useful, and harmless. It is the other fellow of the same name who has so disturbed the even tenour of our way, who has wantonly perturbed the scribes of Fleet Street and the amateur politicians of Clubland. Our knowledge of workshop organisation will be sketchy in the extreme unless we understand the genesis, methods, and objects of the new shop-steward movement. For not only does the new shop-steward stand for a new scheme of industrial organisation ; he is the stormy petrel of approaching industrial unrest. To seek a more appropriate metaphor, he is sitting on the capitalist safety-valve. The question is whether he or the capitalist will be blown up in the ensuing explosion.

It is assumed by most writers and critics that the new shop-steward movement is a product of the war. He has, no doubt, been hatched out during the war and under the pressure of the war, but it is not difficult to prove, granted the continuity of ideas, that he derives from an earlier period. He is, in fact, in the apostolic succession of Labour discontent, which first found voice in the early 'nineties. Partly consciously, mainly unconsciously, he is rooted in the earlier his-

tory of Labour organisation. In his own person he represents the reaction from the abortive political effort that began in 1892. Had it been possible to acquire political power without prior economic power—the basic idea of political Labourism—there would have been no reaction ; the old-established shop-steward would have remained in peaceful possession of his title; the economic revolution would have been born in twilight sleep.

Not the least of the disabilities of the Labour movement is that, being young itself, it ignores historic progression, and concerns itself only with the concrete facts of the day. Nevertheless, it has its history, not only of recent years, but from early formative periods, from the birth and growth of British liberties. The history of the English yeoman is still told in stray contributions to the agricultural problem ; the story of the mediæval Guilds has still life and guidance in it. But, in the main, it is an account of passive acquiescence in greater movements and more powerful interests, none the less instructive on that account. From the late 'eighties, and more particularly the early 'nineties, the passive gradually changes into a more active aspect ; we find ourselves in touch with a living and expanding historic motive. There is a sense in which history repeats itself ; yet another, in which history lives by carefully avoiding the repetition of the past, when bygones must at all costs remain bygones. However we regard it, we certainly run grave risks in disregarding the lessons of history ; we invite disorder by considering each new event and development as historically contained in itself. The new shop-steward movement illustrates the value of relating the new to the earlier conditions which gave it life. How little shall we understand it, with its thousand offshoots, if we treat it as something sprung out of the void without pride of ancestry or hope of posterity !

My reason for relating the new shop-steward movement to 1892 is that it was in that year that a new policy

was launched ; a new school of thought began to argue that the strike as a weapon was futile ; that emancipation must come by capturing the State through Parliament ; that, in consequence, Labour must enter the political field to realise a vague and indefinite State Socialism. It is curious and suggestive to note now that, in those days, it was the old-fashioned trade-unionists who opposed the new ideas, pinning their faith to old trade-union methods and arguing for stronger industrial action. That was not their real reason ; they were committed, body and bones, to Liberalism. It is quite possible that they would have succeeded in keeping trade-unionism formally detached from politics, at least for another decade or two, had not the Taff Vale judgment cut the ground from under their feet, and stampeded Labour, willy-nilly, into independent political action. The result was a serious slackening of industrial organisation and aggression. Labour put all its nervous energy into politics ; it was not rich enough in intellectual strength and man-power to pursue concurrently a political and an industrial struggle. I am never tired of repeating that the test of the efficacy of political action came in the period 1906–1910. Labour was safely entrenched in Parliament ; on the whole, it was enthusiastically supported by the trade-unions and constituents generally ; to a degree beyond its numerical strength, it had both the ear and the assent of Parliament ; it was a period of unexampled prosperity ; yet real wages steadily fell, and Capital gained power at the expense of Labour. As these facts grew patent, an industrial reaction set in. Beginning about 1910, it gradually grew in strength, culminating in the new shop-steward movement, which came to a head after the war had started.

There is a consensus of opinion that the industrial unrest, in part a protest against futile politics, in part against obsolete trade-union methods and organisation, wholly against capitalist control of industry, had

assumed serious proportions before 1914. The Commissioners appointed to inquire into industrial unrest in Wales, in a Report of permanent value,[1] tell us that "a considerable amount of unrest existed in South Wales for some years previous to the war, and the unsatisfactory relation existing between employers and men frequently manifested itself in disputes, many of which attained serious proportions." Amongst the permanent causes of unrest, the Commissioners note that "while there has been an advance in money wages during recent years, more particularly since 1895, there has been a decrease of real wages, and concurrently with this there has been a steady movement for the raising of the standard of living, which naturally necessitates an increase in real wages. Employers have, of course, resisted the demands of the workmen for [real] wage increases, for the reason that the concession of such demands tended to reduce the margin of profits or were not otherwise justified." I think the Commissioners are anxious that we should appreciate the mental atmosphere in which this discontent was bred. They are at some pains to make us understand. Thus, "the younger generation, fed upon the writings of the Fabian Society, the Independent Labour Party, and the works of Continental and American writers, has tended more and more to formulate a theory of reform which is almost entirely opposed to that of the old." Later on we read: "Between these two movements—the one of direct political action, the other of industrial unionism in its various aspects—there is at present a distinct cleavage. But each is profoundly affecting the other. . . . These classes, then, together with the transformation of industry into the combine on the one hand and the fool-proof machine on the other, have had their part in the revolution that has taken place in the minds of the workers.

[1] Cd. 8668. *Commission of Enquiry into Industrial Unrest*, Report of the Commissioners for Wales, including Monmouthshire. (H.M. Stationery Office. Price 6d. net.) The clarity of the findings in this report must not be minimised by the comparative political obscurity of its writers. It is a State paper of the first importance.

Whilst, in the old days, the road to reform appeared to lie in the direction merely of the consolidating and care of local interests, of late the workers have both widened and narrowed their outlook. Improvement of status, rises in wages, have all proved ineffective against the more obvious pressure of capitalist economy and the patent gambling in the necessities of life. This has been taken advantage of by teachers and leaders, and out of it has developed a form of class-consciousness increasingly powerful and deliberate of purpose."

More germane to our present inquiry comes a new and ominous note : "On the other hand, the domination of the trade unions by their officials, whose expert knowledge and intimate experience render them essential to the union and give them an almost unassailable position, has engendered a spirit of unrest and suspicion which found one outlet in the recent demand in the S.W.M.F. for a 'lay executive,' and for the relegation of the official to the position of adviser shorn of executive power." The Commissioners who inquired into conditions in Yorkshire and the East Midlands found an "apparently universal distrust alike of the Trade-Union Executive and of the Government Departments who act with and through them." "The 'Rank-and-File' organisation threatens to become, in our opinion, a most serious menace to the authority and entire work of the A.S.E. and other skilled workers' unions." But the trouble is clearly of old standing, for whilst war conditions have doubtless accentuated the distrust of the union official elements, "a feeling had evidently existed prior to the war that some closer touch and a greater measure of local control was needed than is possible under the existing trade-union rules that impose Central Executive control." The Commissioners for London and South-Eastern Area remark that "this loss of confidence in the Government is unfortunately associated with a diminished reliance on the power and prestige of the trade unions and the impairment of the

authority and influence of these executive bodies. . . . The workpeople have gained the impression that if they wish for any improvement in their conditions they must take the matter into their own hands, and bring pressure to bear upon the Government. . . . There is a danger that unless some satisfactory arrangement be made for representation of the workpeople in shop negotiations a large section of shop-stewards proper will make common cause with the revolutionary group." The Scottish Commissioners approach this particular problem from a different angle : " The trade organisations also are probably not altogether to be absolved from contributing to creating labour conditions which lead to labour unrest. . . . Probably there are too many unions catering for the same class of craftsmen, or general workers, and a reduction in the number of unions might result in more effective organisations and expedite the settlement of trade disputes. Much time would be saved (and delay always causes unrest) if employers could deal with one union, representing workmen of one class. . . . Competition among unions is probably also apt to create differences between officials and members. . . . It is suggested that the trade-union representatives should give serious consideration to the possibility of expediting the making of agreements and promoting more prompt settlement of differences by improved methods of industrial organisation." The Scottish Commissioners state in the forefront of their Report that " Labour unrest is not a new thing, and not by any means a creation of the war. Its causes have deep roots, and its remedy covers a wide field of operation." Lastly, I quote from the Report of the Commissioners for the West Midlands Area: " Unrest is no new feature. It existed before the war and will exist after. Nor is it a sign of unhealthy conditions, but, on the contrary, of a vigorous and growing community. Indeed, the war has not essentially changed its character. . . . The fundamental causes of unrest are the same in war

as in peace—a struggle by the workers to secure a larger share of the profits of industry and a greater control over the conditions under which they work and live."

From the foregoing come certain presumptions and conclusions directly relevant to my subject :

(i.) That industrial unrest, even as we know it to-day, existed prior to the war, although since given a new bias and accentuated.

(ii.) That, owing to education and training, the proletarian demands, both before and since the war, had gone beyond the compliance, or power to comply, of the capitalist economy.

(iii.) That existing trade-union organisation has proved unequal to the strain. In two directions at least :

(*a*) Central direction had lost touch with or run counter to local needs and sentiments, and was under suspicion of acting from political rather than industrial motives.

(*b*) Out of the multiplicity of unions we find friction, ineffectiveness, delays, and confusions.

(iv.) The new shop-steward movement is the inevitable expression of the reaction against political Labourism, prior to the war ; the assertion of local rights and necessities as against centralised direction ; the inception of trade-union amalgamation, now imperative, if trade unionism is to fulfil its rightful destiny in the industrial future.

This last conclusion calls for more detailed analysis.

V. War Conditions and the New Shop-Steward

The evidence is, I think, conclusive that the new shop-steward movement is rooted in the normal peace conditions, that it is an inevitable development of capitalism. That is to say, had there been no war, the new shop-steward would, sooner or later, have first jostled

and finally supplanted his conventional prototype. But it does not follow that events would have succeeded events precisely as they have done. Such is the fluidity of human organisation that, whilst its main direction may be foretold with reasonable certainty, its way of surmounting unforeseen obstacles must be determined by immediate occasions. Inasmuch, therefore, as we are finally concerned with normal conditions, it may prove useful to try to disentangle war effects from that normal flow of hap and change from which only can we evolve a permanent principle of social and economic growth.

This war of twenty nations was no police affair, like a frontier rising or a tribal revolt. It was the merciless test of our physical, mental, moral and financial strength. Everything we possessed must, if need be, be thrown into the scale. In addition, therefore, to the individual nerve-strain, the daily wrack of personal anxiety, the State must step into every national activity, guiding when it did not actually control, cajoling where it did not drive, exhorting when it did not threaten. Apart from the personal shocks and invitations incidental to war, the outstanding fact was the feverish intervention in industry of the State. From 1914 onwards, Labour had accordingly to deal with a triangular situation, at one angle the employer, at the other the State. Had the interests of State and employer been identical, Labour would have found it a simpler task. I think it probable that, at the outset, the main idea of the State, of course through its governmental organisation, was to act generally through the management and agency of the employers. A month or two brought a rude awakening. What the Government wanted was productive labour and speedy output. To succeed, it must keep in direct touch with Labour: build up an official organisation to deal with Labour: provide for trade disputes by arbitration or negotiation. Gradually, by Time's winnowing process, it was discovered how

supremely necessary Labour was, whilst the Capitalist lagged superfluous, a drag and a nuisance. Assuming the loyalty of the technical staff, the Government and Labour combined could have waged war more effectively than the present system of capitalism mixed with State Socialism, sprinkled with paternalism, distracted by a purblind militarism, which would itself have fallen from sheer rottenness had it not been reinforced by abler administrative brains.

I think that a large proportion of the industrial disturbances that occurred during the war can be traced to the painfully slow adaptation of Government policy and methods to the new industrial conditions. Official hesitation, bringing in its train frequent changes of policy and, sequentially, broken promises, has undoubtedly been a fruitful source of strikes—if not of actual strikes, of irritation and smouldering discontent. It must be remembered that this adaptation did not come on terms of equality between the officials and Labour. The officials started armed with arbitrary powers in the application of which they were necessarily inexperienced. Let me recall the powers conferred upon them by the Munitions of War Acts. In the earlier stages a workman might not leave his employment without a permit. That had to be abrogated ; but he must find work within a fortnight or go into the Army. The strike was declared illegal. Collective bargaining (not to be confused with collective contract) gave way to State settlement. Workshop discipline could be enforced in a criminal court. Trade Union rights were swept away ; trade customs laboriously acquired were abolished ; dilution became a dominant fact of the situation. The Munitions Tribunal settled questions previously adjusted by the Management and the Trade Union Secretary. The powers of the Munitions Tribunal, particularly of the Chairman, went beyond all reason. The workers' objections need only be stated to be appreciated :

1. The breaking of rules, often trivial, became a crime.

2. The Chairman was all-powerful and the assessors powerless.

3. The Chairman belonged to the possessing classes.

4. He was usually a lawyer.

5. Bias was shown in the composition of the men's panel.

6. Fines were excessive and especially harsh on women.

7. No proceedings were taken against employers.

8. The meetings were held in a police court and in a criminal atmosphere.

9. So objectionable were the surroundings that, rather than face them, workers preferred to submit to injustice.

10. Attendance involved loss of time and wages.

It is now evident that this was almost entirely panic legislation, causing more disturbance and unrest than it obviated. The Commissioners who inquired into industrial unrest seem to be agreed that the men had genuine grievances created by this panic legislation. "A cause for unrest, which seems to be universal, is dissatisfaction with the machinery for the prompt settlement of differences" write the Scottish Commissioners. "Another cause of complaint giving rise to unrest is that, when a formal award is issued—more especially in the case of awards by single arbiters—further delay occurs in having it made operative, because of the brevity with which it is expressed, and sometimes the want of clearness in regard to whom exactly it covers." "The fact is indisputable that delay in settling differences does exist at present, and the occurrence of such delay is a grave cause of industrial unrest." "We have been frankly informed by many responsible representative men that the feeling is growing in the minds of workmen that the Munitions Acts do not, in fact, provide the *quid pro quo* for the strike prohibition which the words of the Act were designed to afford the worker, and that

workmen and their representatives find by experience that prompt consideration of their grievances is only given when they come out, or threaten to come out, on strike." The London and South Eastern Commissioners say: "These Tribunals are considered by the men peculiarly obnoxious. They find it difficult to distinguish them from a police court and they resent the stigma which appears to attach to them. From information placed before the Commission there would seem to be some justification for the complaint that personal feeling has been the cause of some of the prosecutions, many of which are brought on frivolous or insufficient grounds." The same story runs through all these reports, told with deadly official restraint.

One other aspect must not be ignored. There is not much doubt that many employers, relying on the men's natural reluctance to strike, shamelessly exploited the situation. One quotation must suffice. The Welsh Commissioners in enumerating the temporary causes of discontent place first: "The suspicion that a portion of the community is exploiting the national crisis for profit. This suspicion, rightly or wrongly, was one of the factors that brought about the South Wales strike of 1915. The allegations of profiteering were applied at first to employers in various productive industries, especially coal-mining and shipping. Latterly, the indignation has been focussed on the agencies engaged in the production and distribution of food commodities. . . . The workers are prepared to bear their portion of the war burden, but they decline to do so whilst, as they believe, a favoured few are exploiting the national necessity." It may be well to set against the anathemas, hurled at the South Wales miners in 1915, the measured judgment of these Commissioners: "With reference to the miners' strike after the expiration of the old Conciliation Board Agreement in 1915, we are assured, and have every reason to believe it to be the fact, that, far from allowing considerations

of their ultimate aim to lead them to use the national crisis as a means of extracting better terms from the employers, the men were driven to strike by the belief on their part that the owners were exploiting the patriotism of the miners, believing it would inevitably prevent them from pressing home their claim by actually striking. It was this suspected exploitation of their patriotism for the gain of others, and not any lack of patriotism or of failure to appreciate the national difficulties that caused them to strike."

We can now see, in perspective and with requisite detail, how abnormal were the conditions created by the war in 1914. Nor can we fail to note in what adverse circumstances organised Labour had to struggle. But the bald statement of the legal disabilities imposed conveys no adequate idea of Labour's impotence in those critical days. Political Labour not only joined the Government, but gave with open hands something valuable for which it was morally bound to bargain hard and continuously. In any event, the time was unpropitious. The war came at the moment when centralisation governed trade-union methods, when local opinion was almost dumb. It came, too, when the political and industrial leaders were practically interchangeable, were a close corporation, playing into each others' hands, monopolists in control both of political and industrial policy. In the circumstances, when Mr. Henderson gave the lead for undeviating, unconditional support of the Government, the trade-union officials threw down their defences and let officialdom run rough-shod over them. A factor not sufficiently appreciated is that trade-union officials joined the public service in droves, thus seriously depleting the Labour personnel when it needed strengthening. This ill-considered policy left the trade unions in each locality at the mercy of the official elements, not strong enough even to rectify the most palpable blunders of their new rulers. The Clyde adjudication was a blunder both

in equity and form ; the deportation of the Clyde Labour leaders, substantially in the right of it, was another blunder. The studied disregard of local rights and customs was another blunder. The Munitions Tribunal was yet another blunder. Every week brought its capital blunder, with Labour by now too weak and disorganised to protest in any effective manner. An ever-widening breach between the local men and their officials portended trouble. The Labour leaders, immersed in affairs at the centre, either did not realise it or were lacking in statesmanship to bridge it.

Even the most hide-bound bureaucrat, wise after the event, will now agree that nine-tenths of his restrictive legislation was gratuitous. As the months lengthened into years, it became abundantly evident that, in the excitement, we missed our way. The real line to pursue was to develop the local spirit, to encourage local autonomy, to decentralise power, to recognise the efficacy of that democracy for which we had presumably gone to war. In various ways the locality is regaining its old powers, notably in food production and distribution ; in agriculture the local committee is now asserting itself. The appointment of local iron and steel committees to release men to the Army marked a change of policy of some significance.

This reversion to the locality is precisely what has happened in industry. The local men found that they must submit to everything or fight their own battles. Being what they are, they naturally chose to take up the weapons incontinently thrown down by the trade-union officials. But they bettered the instruction. If the central officials were too busy to take care of their local clients, why not bring all the local workers of every union into some kind of united action ? It was evident that the amalgamation, so sorely needed, would never come from above. Then it must come from below. The war had finally killed the old demarcation quarrels. Very good. With the abolition of demarca-

tion went the necessity for the distinctively craft unions. Industrial unionism began to assume definite shape. In this wise the two principles of locality and union amalgamation have been fused in the furnace of war. The new shop-steward unites in his person both those principles.

VI. The Industrial Unit and the New Shop-Steward

The connection, at the first glance not discernible, between locality and amalgamation, becomes evident when we realise that the workshop is local and stands most urgently in need of amalgamated effort. It is in the workshop where the employers enforce their will ; it is the workshop that suffers first and most acutely from disunity or unco-ordinated trade-union action. It is the worker in the workshop who pays in loss, suffering, and victimisation ; the central official is put to the trouble of signing cheques for strike-pay or the personal discomfort of conducting the strike (presuming it gains executive sanction)—work comparable to rough-and-ready electioneering—his interest in the strike being mainly professional, like an insurance agent paying fire or life liabilities. That is not to say, however, that the central union, with its officials, does not fulfil a necessary and valuable function. All to the contrary ; in their search for a more effective local unit of organisation, the shop-stewards, so far as I know, do not dream of weakening the national union. It is indeed part of their case that the national union gains immeasurably by concentrating local enthusiasm and local industrial power, where those two elements are always to be found —in the workshop.

It will not be denied, I imagine, that the contact between the executive and the local organisation has recently developed a tendency to short-circuit. The defects of centralisation have become exposed. They

were inherent in trade unionism prior to the war ; the strain of war would naturally reveal them. But, since it is the workshop that first suffers from the defective structure, since it is the workshop that has most to gain by co-ordinated local effort, it was inevitable that the movement for amalgamation should originate in the workshop ; that the conditions essential to amalgamation, namely, local industrial unity, should be anticipated by the local leaders in the workshop. Broadly stated, these local leaders are the new shop-stewards.

The ever-changing relations between central direction and local loyalty constitute a problem always present in practical democracy. The weakness of local sentiment is that it tends to particularism. I once knew a town councillor who thought and spoke of nothing save the drainage scheme to the committee of which the worthy city fathers had elected him. He was ubiquitous at conferences, never failing to impress his hearers with the vast importance of drainage in general and his own local scheme in particular. In like manner, a local strike is apt to colour the imagination of its participants —a strike viewed by the executive as a mere affair of outposts. Nevertheless, fundamental truth is generally found at the bottom of local movements ; the local impulse, informed by truth, however crude, gradually spreads, until the executive recognises its justice and vitality and accepts the new situation. The weakness of centralised authority is that, in the pursuit of policy, it is apt to become detached from fundamental truth. Policy may or may not be the negation of truth ; it is generally either the evasion of truth or its minimisation. The working principle of *soi-disant* practical politics is that you secure the maximum effort with the minimum truth. The greater the truth, the greater the opposition. It is, of course, a delusion as old as Moses : " Take heed to yourselves that your heart be not deceived, and yet turn aside and serve other gods and worship them." The weighing of the attractions of " other

gods " most frequently brings the centre into collision with the more direct, less subtle local sentiment. Certainly there always comes a time when local men, driven desperate, on the one side by harsh conditions, on the other by executive policy, take the law into their own hands, and, in the name of democracy, proceed to extremes. Granting that democracy postulates discipline, we cannot deny the democratic impulse at the root of the local movement for a more elastic expression of local life and work. This issue came to a head on the Clyde in 1915. The local men decided on independent action despite the advice of the A.S.E. Executive. It is interesting to note how it struck an analytic mind. Mr. J. H. Jones, Lecturer on Social Economics in Glasgow University, watching the strike at close quarters, wrote :

" It is very important to notice the issues, for we are watching to-day the birth-pangs of a new unionism, and this dispute shows quite clearly the divergence between the methods of the past and the proposals for the future, which in many quarters are being vigorously urged. The adherent to the unionism still current would argue thus : The Withdrawal of Labour Committee represents the negation of collective bargaining, since collective bargaining implies an agreement covering a period of time, and such an agreement implies in turn an enduring organisation of labour. A party to a contract must be either a continuous personality or a legal inheritor of its rights and duties. Thus, the Labour Withdrawal Committee cannot be reconciled with trade unionism : it stands for anarchism in the industrial world, and no logic can make it consistent with constitutionalism, for (i.) its aim is the destruction of government machinery ; (ii.) its economic success depends upon the prior achievement of that destruction ; (iii.) that success if achieved makes it a governing body, open to the same kind of attack and destruction as marked its own rise to power. This is an infinite process whose

every link is a breach of continuity, a mode of perpetual succession in which each successor wipes out the obligations attaching to its patrimony.

" On the other hand, his opponent would urge, there is nothing catastrophic in the new procedure. Existing unionism displays a permanent officialdom out of touch with its constituents and paymasters, and our object is to maintain close connection between it and them. The only way for us to do this is to leave undefined the period for which they are elected to serve. An official closely in touch with and loyal to his electorate might conceivably hold office *ad vitam*, but we wish to be free to use *ad culpam* against him without notice given. All that happens is therefore a resumption by the body politic of a temporarily delegated sovereignty—no insurgent group can succeed unless its views embody some sort of ' general will.' There is no ' negation of collective bargaining ' in our policy as a whole, for we aim also at the democratic control of production, and, like Britain herself, we shall never have a revolution because revolutions will be periodic and normal." [1]

Mr. Jones, I think, predicates a changing sovereignty in a continuing body of organisation. In the light of subsequent events he would probably recognise a change, not only of the governing authority, but of the organisation itself. The logic, conscious or unconscious, of the new shop-steward movement, not only involves action *ad culpam* against elected leaders, but also the strengthening of local authority, by the consolidation into one body of all the groups in the workshop, groups at present affiliated to several different unions and therefore not at present responsive to quick and united action. But when we reach this stage we are faced with a definite change in the structure of trade unionism. This change, as we shall see, will be marked by the transfer of authority from the trade-union " branch " to the workshop. The new shop

[1] *Political Quarterly*, May 1915.

steward reigns in the workshop ; he is a nonentity in the branch. In the workshop he is chosen by the workers, irrespective of their particular craft, by the skilled and unskilled alike. It is the old shop-steward who still reports to the branch.

Thus, the new shop-steward, although invariably himself a trade unionist, does not act as such, but as the elected representative of his section of the shop, chosen by employees of every trade and union. The effects of this, now increasingly realised, are (i.) to constitute the shop as the unit of activity, thereby superseding the trade-union branch ; (ii.) to organise an effective local counterpoise to centralisation ; (iii.) to expedite and finally compel trade-union amalgamation as the first step to the Industrial Union ; (iv.) to compass industrial solidarity by bringing the worker of every grade into organic cohesion. But let the new shop-steward speak for himself. Mr. J. T. Murphy, one of the ablest of the new men, writes:

" The only way the mutual interests of the wage-earners can be secured, therefore, is by united effort on the part of all interdependent workers, whether men or women. Many have been the attempts in the past to bring about this result. Federal schemes have been tried and amalgamation schemes advocated. Characteristic of them all, however, is the fact that always they have sought for a fusion of officialdom as a means to the fusion of the rank and file. We propose to reverse this procedure. Already we have shown how we are driven back to the workshops. With the workshops, then, as the new units of organisation, we shall now show how, starting with these, we can erect the structure of the Great Industrial Union, invigorate the Labour movement with the real democratic spirit, and in the process lose none of the real values won in the historic struggle of the trade-union movement." [1]

[1] *The Workers' Committee : An Outline of its Principles and Structure*, by J. T. Murphy. (The Sheffield Workers' Committee. Price 2d.)

Plainly, a movement from below instead of from above. In the circumstances, this is not surprising ; there seems no motive or impulse from above ; from below, the urge for united action has rendered amalgamation inevitable.

We must not, however, cavalierly dismiss the trade-union branch as obsolete because it has proved inadequate to certain industrial developments. There is the difficult question of finance, properly involving central control, in which the branch is vitally concerned. There is the problem of craft training and protection, which is by no means solved by the formation of an industrial union. It is possible, too, that the federal organisation, notably in the textile industries, may profoundly modify the conception of workers' committees, which has taken shape in the metallurgical industries. We must see how far the federal idea can be reconciled with and adapted to the principle of amalgamation. Obviously, the federal method has anticipated and, in some measure, satisfied local sentiment. Meantime, it may be best to conclude this section by completing my survey of the new shop-stewards' argument for the workshop as the right unit of local activity.

A point urged against the branch is that it is composed of members from different shops and often of divergent interests. Mr. Murphy thinks that the branch has not the community of feeling found in the shop : " Men working together every day become familiar to each other, and easily associate because their interests are common. This makes common expression possible. They may live, however, in different districts and belong to various branches. Fresh associations have therefore to be formed, which at the best are but temporary, because only revised once a fortnight at the most, and there is thus no direct relationship between the branch group and the workshop group."

In his general scheme of workshop organisation, Mr. Murphy is in substantial agreement with Messrs.

Gallacher and Paton. Mr. Murphy wants a Plant Committee. "Without a Central Committee on each plant," he says, "the Workshop Committee tends to looseness of action. . . . On the other hand, with a Plant Committee at work, every change in workshop practice could be observed, every new department tackled as to the organisation of the workers in that department, and everywhere would proceed a growth of the knowledge among the workers of how intimately related we are to each other, how dependent we are each on the other for the production of society's requirements. In other words, there would proceed a cultivation of the consciousness of the social character of the methods of production. Without that consciousness all hope of a united working class is vain and complete solidarity impossible."

Subject to the reservations already indicated, we may provisionally regard the workshop as the future unit of Labour organisation.

VII. Trade-Union Structure and the New Shop-Steward

Nothing could be more misleading than to measure the shop-steward movement by its formal strength at any given moment. Unlike an established trade union, shop-stewards, with their concomitant works committees, can spring into life in a day. An unremoved grievance, a foreman's blunder, an unguarded threat, a thoughtless retort—any of these may unbolt the door for the molten metal to run white-hot into the new mould. Recently, a number of strikes, organised in an hour on the new shop-steward model, have begun and spread to large dimensions, unknown at first to the leaders in the district. Granted either a scarcity or control of labour, the conduct of a shop-steward campaign is a comparatively easy operation. Apart from

finance—a central problem—this simplicity of action is as much the weakness as the strength of the movement. What comes quickly to life goes quickly to death. If the employees of a workshop can improvise amalgamated action within their own sphere, there is no strong motive to build up steadily and patiently ; we must expect fluctuations in strength from shop to shop, from locality to locality. That is precisely what has happened. We know that, six months ago, the movement was strong there, three months ago here ; a strike is threatened ; it develops strength in other and unexpected areas. The truth of it is that a shop-steward organisation, if unrelated to the tougher and more enduring framework of a trade union, whilst sensitive both to ideas and injustice, is a delicate weapon. In favourable circumstances it may prove effective ; over a period of average years, and against organised capital, unhampered by State control, it would almost certainly reproduce those local defects that finally led the workers to centralise their organisations.

Our problem is to fit the new shop-steward into the trade-union structure.

Bearing in mind that the two main purposes of the new shop-steward movement are (*a*) to counterpoise central authority by local power, and (*b*) to force amalgamation from below, we must agree that from this standpoint it is sound policy to transfer the industrial unit from a dozen trade-union branches to one workshop. Since control is now the admitted object of both the central and local forces ; since economic development points in the same direction ; since, further, the congestion of industrial populations has isolated the branch from vital connection with the workshop procedure, there remains no doubt that the industrial battle is destined to be fought in the shop and not in the branch. The shop, as the unit of industrial activity, has come to stay : is already the kernel of the situation.

In searching for a new formula, two important considerations jump to the eye. In the smaller industrial

populations, often depending upon less than half-a-dozen comparatively small firms, the trade-union branch is probably, even yet, the better instrument both for attack and defence ; in Lancashire and elsewhere the federal principle not only satisfies local sentiment but has pushed it to such lengths that many of the more far-sighted men are demanding much closer integration. Nor must we forget that, in general, the centralised unions secure higher wage returns than their more provincial brethren. The point, however, that concerns us is that the local union, whether federalised or isolated, leaves less scope for the shop-steward, old or new. The localised union official is at the oor of every employee, and invariably has access to the employers. As the textile union officials generally take a strictly business-routine view of their functions (being hampered in aggressive action by a high proportion of non-union women's labour), the possibility of revolutionary action is reduced to its minimum. In the mining districts, where the federal principle also prevails, the check-weighman is in attendance at every pit. The miners, however, being homogeneous, have secured greater advantages, under the wage-system, than the textile operatives.[1] Taking a broad view, it remains true that the national union, centrally directed, is, in the main, the economically stronger union. The presumption is that this is due to organisation. Valuable though the engineering and allied trades may be, granting them, if you like, a higher standard of industrial craftsmanship, the economic demand for clothes and coals is not less exigent than for machinery and motor-cars. But this is not a criterion of trade unionism ; I wish only to note that, in the national union, the delegation of power to the local unit carries the risk of wage depression.

The new shop-steward would probably reply that the danger is more than counterbalanced by the increased

[1] Since this was written there has been a considerable strike in the textile trade. It failed, partly because of lack of unity between the spinners and weavers.

economic strength gained by amalgamation. That, I think, is true. Further, if amalgamation can be reached by workshop unity of action, by rank and file insistence, the risk is well worth taking. But that does not alter the larger fact that the national structure is stronger than either the local or the federal, with its corollary that an amalgamated union is stronger on a national than on a federal basis.

Appreciating, as best we may, the spirit that now sweeps through the workshops, often, but not invariably, finding expression in the new shop-steward movement, we can postulate certain urgent problems which would confront the general staff of the Labour Army, were the Trade Union Congress to appoint one instead of, or in addition to, its present Parliamentary Committee. This General Staff, charged to concert a campaign for the reduction of the capitalist fortress, would, *inter alia*, be compelled to consider : (*a*) how to relate the workshop to existing trade-union structure ; (*b*) how to adapt that structure to the new workshop propaganda, particularly in regard to amalgamation and finance ; (*c*) how to co-ordinate the centralised methods of the engineering and allied industries, not forgetting the building trades unions, with the federal methods that obtain in the mining and textile industries—searching out the strength and weakness of both principles and methods ; (*d*) how to harmonise or even unify the glaring diversities of wage-payments, both in each industry and over the whole industrial population ; (*e*) how to relate the political to the industrial forces ; (*f*) the general principles that must guide Labour in its approach to workshop control—mainly an industrial but partly a political problem.

In regard to the workshop and the branch, it is certain that the national union will not see its branches denuded of power without taking precautionary measures. It is evident that the trade-union branch must get into closer touch with the workshop. There seems no reason why the branches should not be reorganised in such wise

that the district organisation can be widened whilst the branches are multiplied, one branch to one workshop, subject to a minimum membership. But, without amalgamation, this would overcrowd the workshop with a multiplicity of craft and unskilled branches. The climax would not be long delayed : the branches thus overlapping each other would quickly be compelled to adopt a more unified system ; amalgamation would become not only inevitable but urgent. Why not ? It is not an issue ; it is plain common sense. Here, for example, is an award by the Committee on Production : " No. 430 Engineering and Foundry Trades." Forty-eight different unions were parties to it. Looking down the list, at least fourteen should be amalgamated into one union ; in another group, three ; in yet another group, eleven. These three groupings alone would reduce the number of bargaining unions by one-half, and indefinitely strengthen their economic power. The Labour Manager of a large works known to me, employing forty thousand wage-earners, is in almost daily communication with twenty-four trade unions. If higher considerations did not prevail—notably the necessity for a settled policy in regard to Labour—how easy would it be to set all these unions by the ears ? And what chance have twenty-four branches (several of them fifty miles away), twenty-four district committees, and twenty-four executives in a contest of will and purpose against this capitalist unit—a unit, moreover, itself a unit in the larger capitalist organisation ? Viewed in this light, the economists' pet phrase, the " mobility of labour," takes on an ironic meaning, doubtless not intended, but, none the less, disdainful.

We may assume, without further argument, that the new shop-steward is the harbinger of amalgamation, and that the basis of amalgamation is the workshop. A merger of craft unions is clearly indicated—a first step towards the conscious control of labour power, in its turn asserting itself in workshop control. That

control remains incomplete, however, until the unskilled and semi-skilled workers are absorbed; until the industrial union becomes an accomplished fact. Meantime, the struggle continues; meantime, Labour must make the most of the existing trade-union organisation. The strikes so far led by the new shop-stewards have been fought under certain favourable conditions: there has been a definite scarcity of pivotal labour; finance has been a secondary consideration. But in normal circumstances these conditions do not obtain, and, accordingly, finance must be an important, if not a vital, element in the struggle. It is contended by many of the new shop-stewards that trade-union finance is too much stressed; that, granted workshop amalgamation, the local strike can be carried on out of local financial resources. The assumption is that short strikes in the future will suffice. That is a gamble no responsible Labour organisation should entertain. The Labour revolution has but begun; its efforts, now and for some years to come, must be tentative; every contingency must be provided for. It would, indeed, be foolish to build upon the same scarcity of labour as a basis for aggressive action when, in addition to the present dilutees, five or six million men are demobilised and thrown upon the labour market. At least a million of these expect to return to their former occupations. The immediate future is obviously fraught with anxiety and gloom. Nor is it the men who will always strike, whether on a rising or a falling market; trade-union leadership must also provide for lock-outs, perhaps on an extensive scale. Three instances are known to me of funds privately accumulated for this express purpose. The conclusion is that the workshop organisation, in its every stage of amalgamation, must relate itself to the central organisation, and know its financial power, both in the way of benefits, strikes, and lock-outs. With the recognition of the workshop as the new centre of activity, executive responsibility and local rights must be harmonised.

The war has, I think, given point to a suggestion I made in 1912. I then wrote :

" Hitherto food has been provided by means of strike pay. This must cease : the method is obsolete. It is not only haphazard and operates harshly upon men with large families, but almost invariably hits the unfortunate retailer. This is so universally the case that retailers find their credit cut off upon the declaration of a strike. The Co-operative Wholesale Society should be the natural ally of the unions during a strike. This fact recognised, the obvious step is for the unions to contract with the C.W.S. for the supply of rations to all the strikers, regard being paid to the number of each striker's family." [1]

We now know the value of rations when campaigning. One may hope that the lesson will not be wasted.

VIII. Wage Inequalities and Trade-Union Personnel

Amongst the minor workshop embarrassments caused by the war, not the least are the inequalities and divergencies in wages in the same shop, the same bay, and even at the same bench. A skilled worker, whose union with sound instinct abides by time payment, may be working with a dilutee, who earns more money on a repetition job. The Guild principle of wage-equality, necessarily preceded by wage-approximation, became daily more remote as the war proceeded. Unless there is a determined reversion to time-payment, we shall find ourselves confronted with a proletariat seriously split into a thousand fragments by kaleidoscopic differences in wage-payments. The temptation to earn " big money," by piece-rates, bonus and other contrivances, is doubtless alluring, particularly when the cost of living has more than doubled. But, however strong the impulse to secure a large weekly wage, it is imperative to remember that the common denominator uniting all wage-earners is

[1] *National Guilds*, pp. 106 and 107.

time. All deviations from the time-factor are concessions to profiteering and a difficult obstacle to Labour unity. Moreover, the imposition of piece-rates and bonus is either a direct reflection upon the honesty of time-work, or, alternatively, an undue exhaustion of human energy and endurance. The employer says, in effect : " You are not doing your best at time-rates ; I know you can do better ; so I will put you on a basis that will stretch you to the limit of your strength. In either contingency you earn more money." Labour must reply sooner or later : " The time-payment must be based on average energy, with average output, calculated over a long period of years. Let your scientific management find, if it can, means to supplement our labour-energy ; it will certainly not be allowed to intensify it."

The capitalist intensification of Labour means quantitative production (the immediate goal of capitalism, faced with the war-debt and supplied with credit specifically to pay both war principal and interest) with a consequent deadening of social and political thought and activity. The problem is to find the reasonable unit of time in which labour can perform its task with reasonable intensity. The permanent element is time and not payment by results.

How far we have travelled from this essential basis may be illustrated by an average case. A turner has to calculate his wages from the following data : Day rate pre-war, 42s. Add to this war-advance, 24s. 6d., for 48- or 53-hour week. But this 24s. 6d. may be part bonus and does not therefore affect overtime. His overtime may vary. It may be time and a quarter for the first two hours, thereafter time and a half. For Sunday it may be time and three-quarters or double time. So far it is fairly easy sailing ; now our troubles begin. Piece-work has to be superadded. To pre-war piece-rates our turner must add 10 per cent and 6 per cent. He has to discriminate between certain jobs whether to charge 10 or 6 per cent, according to the

date upon which the original price was fixed. He is not yet out of the wood. He has next to reckon 7½ per cent bonus for the time spent on piece-work or 12½ per cent bonus for time spent on day-work. Confusion worse confounded, these rates vary amongst fitters and turners, universal millers, slotters, planers and millers. There are also machine-labourers, clerks and repetition workers, men and women. Nor is that the end of the puzzle. Amongst the labour-force, some are working piece-work only, some day-work only, some part one and part the other. To this must be added a great variety of rates in different shops, to say nothing of different districts. Prices are too often fixed by individual bargaining with the rate-fixers. Next, we must remember that any increase in output by the piece-workers throws additional labour on the day-workers, who are probably the repairing or labouring section. If we can thread our way through this bewildering maze of tangled interests, we have next to encounter fresh chaos on the appearance of new machinery, which may combine two or three trades, previously working on different bases. Follows a wrangle in lurid language as to the rates applicable and the particular trade entitled to work it. This wrangle may finally extend from the shop to the trade-union branch ; may pass from there to the Executive. If it is a " controlled " establishment, a deputation may be sent to the Ministry of Munitions, possibly ending in a strike, which will be bitterly denounced as unpatriotic. In all these excursions and alarms, one fact stands sure : the profiteer remains master of the situation ; capitalist production indefinitely prolongs its mastery by dividing the Labour forces.

No doubt the engineering industry is peculiarly the victim of these vicious variations in wage-payments ; but others are by no means exempt. In the textile trades, the card-room men, the spinners and weavers are as yet far from showing a firm front to the capitalist : are straining and struggling amongst themselves to their

general detriment : cannot or will not evolve a unitary principle. At the moment, the spinning employers are amassing huge fortunes, to some extent at least at the expense of the weavers, whilst the textile wage-earners are on short-time or " playing " one week a month, when, if they sectionally united, they might make a big stride towards their own industrial autonomy. They have a federation, from which the card-room recently withdrew ; they are strongly represented on the Cotton Control Board : their sectional differences rob them of the real fruits of their organisation.

Unless Labour can, in the immediate future, discover a strong solvent for this inter-proletarian wage-struggle, we shall almost certainly experience a recrudescence of demarcation disputes, when peace brings its industrial *sauve qui peut.* The danger lies in individual bargaining on piece-rates ; the cure will be found in a reversion to time-rates or, alternatively, collective contract. But collective contract must base its estimates on time expenditure or it will go the way of profit-sharing and ordinary collective bargaining. It is known that many trade-union leaders are anxious to meet the existing situation with strong measures. Unless we are at the heart of the struggle, we cannot realise the difficulties that beset these leaders, not least the short-sighted selfishness of their own trade-union brethren. On the whole, I think it must be recognised that it is the new shop-steward who has shown himself most alive and alert to the dangers that lurk in sectional and individual wage discrimination. He has a new and fresh point of view : he has broken away from the sectional methods of the trade-union branch ; his unit is the workshop and not the trade union. He no longer regards the bench as the perquisite of his particular craft ; the shop presents itself to his eye as a ganglion of labour nerves, all related to each other, touching each other, within reasonable bounds of equal significance and industrial value. Viewing the workshop in this light,

he impatiently awaits industrial amalgamation, with unified command, that he may the more quickly achieve strategical victory, where formerly only minor tactics prevailed.

Here, as elsewhere, we meet the limitations of the shop-committee, whether orthodox or new. Wage discrimination is as much a national as a local question. If action be taken in Leeds, its repercussions are felt in Sheffield and Manchester. Barrow calls to the Clyde, Woolwich hears the cry, which re-echoes through Birmingham and Coventry. What in general is not understood is the stupendous extent of this problem. In many engineering shops I have been told that existing official trade-union personnel is altogether inadequate to the task of reducing it to some semblance of uniformity. Unless the trade unions find men capable of coping with the muddle, which daily grows worse, a small army of bureaucrats will be let loose on the work and the last stage will be worst of all. For, however agreeable these divisions may be to the capitalists and employers, they bring in their train social and industrial difficulties which no Government can ignore. Far better the trade-union official, trained to his trade, than the bureaucrat, who, if trained to the trade, has probably graduated into management. To an outside observer like myself, the first step would seem to be a strong representative committee composed in part of trade-union executive members, in part of local men, shop-stewards and branch secretaries, and in part of such industrial students as the Labour movement can command. This committee's first task should be an inquiry into the principles of remuneration, into the wage system as a whole, particularly the bearing of time and piece rates upon Labour solidarity. If they can arrive at some working formula, its application to local conditions can only be ascertained by an experienced personnel assigned to each locality.

I do not suppose that this work could be done

efficiently with an expenditure of less than £50,000. But it would ultimately save £500,000 in strike-pay alone, to say nothing of the monetary advantages that must accrue from sane co-ordination of Labour's effort. If the Trade Union Congress could shake itself free from its lethargy and shibboleths, this is the work that most plainly lies to its hand. As we cannot hope anything from that quarter, allied unions would prove their worth and sagacity by forming their own joint industrial remuneration committees, without delay, in preparation for the searching tests that peace must inevitably bring.

Among the minor inferences from what is here written, I may perhaps remind any trade-union official, who fears the effect of amalgamation upon his personal fortunes, that the real work of trade unionism has, as yet, barely begun ; that, as industrial unionism gradually asserts itself, so the need grows greater for experienced administrators, at every step from the workshop group to the central executive. The Guild theory implies the industrial administrator in contradistinction to the collective bureaucrat. Far from dispensing with existing officials, trade unionism must soon call for many more. It is permitted to hope that the future trade-union administrator may find his work attractive and reasonably secure. That will largely depend upon his sympathetic understanding of young men and new movements.

IX. Some Implications of Control

It is clear that a strong blast of new ideas sweeps through the workshop. Even more than ideas; for in many shops and localities these ideas have crystallised into facts, in some cases going far to revolutionise shop practice. We must recognise, however, that as yet the movement is partial and inarticulate, whilst in many districts old methods and traditions still prevail, the movement such as it is leaving unruffled masses of sleepy and irresponsive workers. The angel has not troubled

the waters ; the old diseases persist. Nevertheless, if we compare the intellectual and economic activities in the workshop with a bare decade ago, the result must surely startle the least imaginative. The new conception of an emancipated proletariat spreads with increasing volume and momentum.

We have seen the more intelligent employers seek to conciliate and divert the movement by transferring discipline and amenity to workshop committees of orthodox brand, manned by conventional shop-stewards approved by their union branches. From the left, swift and impatient, the new shop-steward has rushed on the scene, brushing aside his ancient prototype and declaring for workshop unity and structural amalgamation of the industrial unions concerned, with the workshop as the unit. Cutting athwart both these comes collective contract, avowedly the half-way house on the way to National Guilds. We have discovered problems insoluble either to the workshop, in itself, or the national union, in itself. We have accordingly been driven by the logic of the facts to conclude that the centre and the locality must establish new relations to each other, particularly in increased local autonomy. Finally, we realise that the industrial task confronting Labour is too great for the existing official personnel; that the trade unions must reorganise and strengthen their administrative machinery.

The significant factor emerging is clearly this : Labour is rapidly asserting its right to control the productive processes ; it has passed the Rubicon and marches towards mastery of its own action—by implication, to control of production. The Englishman may be king in his own castle ; the employer is no longer master in his own factory. At least, if he insists, it will be an empty factory, silent as the tomb. But no ! A factory is not composed only of walls and machinery ; it awaits the energising element of Labour. It is no more a factory without labour than is a church a church without the congregation. I have already remarked that

the factory building and the machinery installed within it are in the nature of a contract between the Employer and Labour. Labour declares, with unanswerable force, "I was induced to enter this factory because my skill and my labour were required. By coming here I do not forfeit my liberty nor any rights as a continuing partner in this industry." This new point of view carries us far.

However we may regard the situation now developing in the workshop, it is obvious that Labour must either pass on towards effective control, in the sphere it has mapped out for itself, or it must be thrust back into the crude wagery of the past. If it should be the second alternative, then the war will have been a vain effort and the lessons of recent years ignored and contemned. It is possible that we may meet with reaction, fed upon unemployment and post-war disorganisation; but, whatever the obstacles, I anticipate a forward and not a retrograde movement by Labour in the workshop. If so, then we may consider some implications of such measure of control as has thus far been indicated.[1]

As the basis of every social upheaval is the spirit informing it, let us first consider the psychological aspect. In "National Guilds" I wrote of active and passive citizenship. The former bore the mark of economic freedom; the latter was inherent in the wage-system, a citizenship subdued by economic conditions and necessities. Workshop control will psychologically carry the wage-earner a considerable step towards "active" citizenship, which will be reflected in the political expression of Labour's desires. The point, if without meaning to our practical politicians, is really enormously important. It means neither more nor less than a complete change in the spirit and personnel of the present Labour party, whose spokesmen and followers cannot apparently slough off the "passive" garments, cut for

[1] In July 1919 there were more wage-earners actually in employment than in July 1914, including more than 3,000,000 demobilised soldiers. The output in 1919 varied from 50 to 75 per cent of the corresponding periods in 1914.

them by master tailors. Inasmuch as the political must reflect the economic, it follows that the new spirit in the workshop, gradually growing into a master or "active" spirit, must emerge in politics, bringing with it a new conception of citizenship.

We have discussed, in a previous section of this chapter, the differences between whole and part control in the workshop. I indicated that there was a third form of control which must be faced. We may call it joint control. The Guild attitude towards control is that complete exclusive control is preferable to part or divided control. Messrs. Reckitt and Bechhofer, starting from whole control, over however small an area, point the way to an extension of it by what they aptly term "encroaching control." [1] But Labour cannot afford to ignore management nor the market price of the product. For not only does Labour depend in some degree upon prevailing prices, the extent of its activities is clearly influenced by trade policy. One policy may lead straight to quantitative production, another to qualitative. Moreover, workshop control brings responsibilities with it. It is easy, as it is heroic, to declare that it will not touch the commercial unclean thing ; it is not so easy to deny that distribution is an integral part of production. Control must be asserted over distribution *pari passu* with its encroachment over the other industrial activities. Pending, therefore, the complete Guildising of the industry, and without assenting to profiteering by so much as a wink, so long as Management remains what it is, there must be joint conferences between Labour and Management. This spells joint control : in no way invalidates whole control, which proceeds steadily on its mission of encroachment. Joint control, so defined and limited, economically strengthens Labour, at the same time guarding it against any entanglement in capitalist theory or practice.

[1] *The Meaning of National Guilds*, pp. 284-286, by M. B. Reckitt and C. E. Bechhofer. (London : Cecil Palmer and Hayward.)

Closely bound up with joint control is the question of raw materials. Is the management to procure the raw material or is Labour? And who is to pay for it? Another searching question: Who shall decide upon the nature and quality of the raw material? Labour who makes the product, or Management who sells it? Clearly trade-policy here asserts itself in no uncertain accents. Or shall the market decide? If the market, then how is craft control affected? The question brings us back, with a jerk, to qualitative production and the producer's control. Each of these questions predicates joint conferences with joint decisions and the joint control that flows from them. It is, however, equally clear that if collective contract involves the purchase of raw material, the scope of joint control is to that extent restricted. *Per contra*, such purchase brings the worker into the sphere of exchange and finance and compels him to reconsider the whole problem of currency. Unless he can establish a medium of exchange, always responsive to the value of productivity of his own labour, it is certain that what the capitalist loses on the commercial swings he will recover on the gold roundabouts.

It is in the nature of the case that workshop control, with or without collective contract, implies continuous employment. Conceivably a workshop group might become a close corporation, gradually shedding itself of its less productive, or its unpopular, members: might in the course of time become a second Oneida Community. Conceivably—if it forswore its democratic basis. But the essence of workshop control is industrial democracy, the assertion in the life of the workshop of human equality. Such equality means equal economic security, or it fails to differentiate itself from capitalist methods. But human equality is but one of the virtues of workshop control. Men must be free to speak, to act, or to vote without fear of unemployment; they must always be conscious of a security at least the equal of their colleagues. Does John Smith suggest an economy? Then all must

benefit equally or John Smith may remain silent. Does trade depression beat its ominous wings over the shop ? Then let all suffer together. The plain meaning of this is continuity or, if you will, community of employment.

This community of industrial interests demands reciprocal duties and loyalties from the workers. They must belong to appropriate unions : must pay their levies : must share in the corporate life of their fellows. But how if a refractory minority stand out, sharing but not contributing ? Are they to be free for all time to benefit ? I cannot avoid the reflection that this question has not hitherto been frankly faced by the vast majority of trade unionists. By a train of circumstances it has not become a vital, or even a pressing, issue. The craft unions have been strong enough either to conciliate or ignore the non-unionists ; the unskilled unions have not hitherto been numerically equal to the task of enforcing what we euphemistically call voluntary membership. But an industrial union is quite another pair of shoes. It assuredly means workshop control, with economic benefits greater than the average unionist at present dreams of. Possibly the most valuable of these benefits is the practical abolition of unemployment with a consequent decasualisation of labour. A moment must inevitably come when the unions, responsible for vast commitments, will exercise powers to enforce trade-union membership or to eliminate non-members from the workshop on grounds of anti-social conduct. What is sauce for the medical or legal goose is sauce for the industrial gander. Further, since my contention is that the industry should maintain its own reserve of labour and that such maintenance should be paid through the union, it is reasonable to expect that every beneficiary should belong to his union.

Messrs. Reckitt and Bechhofer object to a compulsory trade unionism enforced by the State on the ground that it involves " an extension of public control over the unions, which might go far to deprive them of their

character as autonomous bodies "; and it is needless to remark that any loss of corporate autonomy would be too great a price to pay for legal compulsion. My difficulty is with the practical fact that trade unionism must be compulsory one way or another. If the unions will not or cannot undertake to make themselves watertight, then, in the interests of collective bargaining, some superior power will do it for them. For the present, I content myself with the assertion that the trade unions must face this issue in the near future, not only in regard to unemployment, but also because of the large economic responsibilities that amalgamation will surely bring with it. Compulsory membership is in the logic of capitalist if not of Labour development and cannot be long delayed without obstructing vastly more important projects.

In concluding this long chapter on " The Workshop," it is, I trust, understood that I have not attempted a survey of the workshop as a whole, but have confined myself to certain aspects that bear upon the Guild principle of labour monopoly applied to the actual industrial processes. Nor have I, by any means, exhausted the implications of workshop control. These transcend a book ; they are the stuff of a new life, the seeds of a new epoch.

Addendum to Chapter II

Mr. J. Paton, whom I have quoted in this chapter, both in regard to workshop committees and collective contract, kindly sends me this memorandum. As he played a considerable part in the Shop Stewards' Movement on the Clyde, his opinion is as interesting as it is relevant.

" Workshop Committees designed to operate under normal industrial conditions will have to be very differently constituted from the unofficial ' Workers' Committees ' which arose in Glasgow and other centres

during the war. The war-time committees were emergency bodies which owed their power and influence to a combination of circumstances which is never likely to recur. There was an unprecedented shortage of labour, wages were good, steady employment was assured as long as the war lasted. Moreover, the national interest demanded that the Government secure the co-operation of the workers in the production of munitions and avoid any prolonged strike at all costs. The workers therefore occupied a strong strategic position which rendered them to a large extent independent of Trade Union support. Had it not been so, unofficial bodies such as the Clyde Workers' Committee, with only the exiguous financial support that could be raised by voluntary collections in the workshop, could never have exercised any material influence.

"In 1915, Trade Unions, under the Munitions Agreement, surrendered, for the period of the war, the right to strike. By this measure well-organised strikes on a national scale were rendered impossible and direct action was confined to such local operations as could be engineered by unofficial bodies prepared to risk the penalties of defying the law and repudiating their bond. It was soon apparent that the strike weapon was to be very much in demand. The Government sought by legislation to neutralise the power with which the peculiar circumstances of the moment invested the workers. The Munitions Act was a highly provocative measure which revolutionised at a stroke the wage basis and workshop practice of the entire machine industry, curtailed the liberties of the worker, enhanced the power of the employer and abolished jealously cherished craft monopolies which had been built up by a century of Trade Union action. It was not to be expected that these changes would be submitted to by the workers without protest. The 'Labour ferment' spread like wildfire as soon as the Act came into operation. Trade Unions, with their slow and cumbrous machinery for

negotiation, were quite unable to cope with the daily crop of quite new problems that arose in every shop over questions of wages, or bonus, or discipline ; and unofficial shop committees sprang into existence to take over the work. Broader questions of policy and principle demanding instant attention and bold measures were taken over—the Unions being *hors de combat*—by unofficial District Committees of delegates from the shop committees. These Workers' Committees were in turn linked up by a National Committee and the whole organisation, except the shop units which had administrative functions as well, had avowedly only one policy and one weapon, viz. the strike. And it must be admitted that nothing but the strike would have served to impress the Government at that time. The subsequent modifications of the Munitions Act were undoubtedly obtained by the direct action organised by the Workers' Committees, although of course these bodies were never recognised by the Government, all negotiations being carried out through official channels. The point is, however, that the Committees could not have achieved what they did but for the exceptional circumstances of the war period and the compulsory inaction of the Trade Unions. They were a hastily improvised, and after all a very imperfect, substitute for the Unions, essentially and merely militant in policy, incapable of systematic administrative work. With the cessation of the demand for munitions and the return of the army of unemployed from the trenches, the economic advantage which had enabled the workers to wage industrial war independently of the Trade Unions was at an end, and with that economic advantage went the power of the unofficial movement, as the Clyde workers learned to their cost in January 1919. Henceforth the workers' strength lay in organisation and the Unions' funds, and it follows that if shop committees are to remain as effective instruments of class action they must be reconstituted on an official basis: they must be

established and recognised as an integral part of Trade Union structure. Moreover, unlike the war-time committees, which were necessarily concerned only with immediate grievances, they must look to the future as well. They must build as well as fight. They must have a constructive policy directed towards control."

III

THE INFLUENCE OF THE WAR UPON LABOUR

I. A General Survey

In the preceding chapters I have endeavoured, not without some strain upon the imagination, to discuss certain social and industrial factors in their normal aspects, disregarding, as far as possible, the conditions created by the war. The permanent situation is the situation in times of peace ; war conditions are transitory and abnormal. It was for this reason that I stressed the historic origin of the new shop-steward movement, seeking to show that its germs were in the economic body prior to the war. But it would be foolish not to take stock of the effects of the war upon Labour, for these effects must persist for a generation : must create, in fact, a new train of circumstances. We can never revert to pre-war conditions : would not if we could : most certainly should not if we would. In this chapter, therefore, I shall try to state the position in which Labour finds itself after five years of war-organisation. This statement falls naturally into two main divisions : the formal or statistical results ; the real or economic results, these latter being difficult and perplexing.

Such a survey must cover :

(*a*) The membership and funds of the Trade Unions.

(*b*) The financial position of the individual worker.

(*c*) The movement, if any, towards solidarity.

(*d*) Changes in the spirit of the rank and file.
(*e*) The influence of Labour upon Government.
(*f*) Relations between "skilled" and "unskilled" labour.
(*g*) Moral.

(*a*) *Membership and Funds of Trade Unions*

There can be no doubt that the Trade Unions have considerably increased their membership since 1914. The Trade Union Congress of 1913 represented rather less than $2\frac{1}{4}$ million members; the same Congress in 1918 represented $4\frac{1}{2}$ million Trade Unionists. This growth is not only due to the accession of certain Trade Unions, notably the Amalgamated Society of Engineers, but to a definite increase in membership of the affiliated unions. Thus, the National Union of Railwaymen shows an advance from 273,000 to over 400,000, a striking fact when we remember the great depletion of railway workers throughout the United Kingdom who were urgently required, not only for line regiments, but to work the strategical railways on our various fronts. During the period of the war, the Amalgamated Society of Engineers has risen from 170,000 to 287,000. We can only grasp the significance of this if we bear in mind that, with a few exceptions, this great Union has steadily retained its craft membership, and has never admitted women. The "unskilled" unions have been very active. By amalgamation and propaganda, the Workers' Union, the National Amalgamated Union of Labour, and the Municipal Employees' Association, whose combined membership in 1913 was only 176,000, now present an amalgamated front of over 500,000. The National Union of General Workers and the Dock, Wharf, Riverside and General Workers' Union, who, in 1916, had a total membership of 153,000, are now united with a membership of 400,000. These figures, I think, indicate a tendency towards a definite increase in the strength of "skilled" labour, and a definite decrease in

the proportion of unskilled and non-union labour in the vital industries of the country.

Women have joined some of these unions or alternatively the National Federation of Women Workers, whose distinguishing mark is neither craft nor skill but sex. Altogether, the number of women Trade Unionists has increased during the war from about 350,000 to over 700,000.[1]

Generally stated, the Trade Unions have become financially stronger. They have been debarred from paying strike benefits, and unemployment benefits have not been required in any appreciable degree. Some unions have raised their subscriptions ; several have invested heavily in war-loans. It is, I think, true that in most cases the financial position is stronger than four years ago. Thus, in 1916, the income of the Amalgamated Society of Engineers was one-third larger than in 1913, whilst its accumulated funds have increased from £936,000 to £2,160,000. In like manner, the funds of the National Union of Railwaymen have advanced from £476,000, in 1913, to over £1,000,000, in June 1918, the annual income in the same period rising by 56 per cent. In 1913 the Workers' Union had an income of

[1] MEMBERSHIP OF ALL TRADE UNIONS

Year	Number at end of Year.	Membership at end of Year.	Percentage, increase (+), decrease (−), on the previous year.
1899	1,310	1,860,913	..
1900	1,302	1,971,923	+ 5.9
1901	1,297	1,979,412	+ 0.3
1902	1,267	1,966,150	− 0.6
1903	1,255	1,942,030	− 1.2
1904	1,229	1,911,099	− 1.6
1905	1,228	1,934,211	+ 1.2
1906	1,250	2,128,635	+10.0
1907	1,243	2,425,153	+13.9
1908	1,218	2,388,727	− 1.5
1909	1,199	2,369,067	− 0.8
1910	1,195	2,446,342	+ 3.3
1911	1,204	3,018,903	+23.4
1912	1,149	3,287,884	+ 8.9
1913	1,135	3,987,115	+21.5
1914	1,123	3,918,809	− 1.7
1915	1,106	4,141,789	+ 5.7
1916	1,115	4,399,696	+ 6.2

only £43,000, with funds amounting to £12,000; in 1916 the figures were £96,000 and £87,000 respectively. If we have regard only to membership and finance, it may safely be affirmed that, in the vital industries, the Trade Unions are stronger now than in 1913. But we have yet to consider the economic position, which may disclose adverse factors that more than counterbalance the formal position here stated.

(*b*) *The Individual Earner*

The increase in money wages has in most cases been absorbed by a greater increase in the cost of living, a decrease in real wages resulting. In the main and ancillary war industries, it would be difficult to resist the contention that real wages also have risen. That is to say, the family revenue has risen beyond the increase in the cost of family subsistence, due in part to the entry for the first time into industry of a considerable army of women—probably of more than 1,500,000, at nominal wages of more than double those previously received by working women. To these earnings must be added some millions of army allowances.[1]

With stronger bargaining powers now possessed by the Trade Unions, it is not impossible that nominal wages may fall more slowly than the cost of living. Not impossible; but improbable. The delays and vexations involved in industrial readaptation must sooner or later lead to acute unemployment. Unless the several industries frankly accept responsibility for the maintenance of the labour reserve, nominal wages will fall quicker than the cost of subsistence. Unless the grip of the State upon all profiteers who trade in life-necessities is strengthened and maintained during the whole period of readaptation and natural food-shortage, the painfully acquired money or wage resources of the working-class, as a whole, will be dissipated with certainty and rapidity.

[1] In agriculture the army allowances have in some cases exceeded the previous wage-rates.

(*c*) *Solidarity*

The psychological and physical facts of the war have conspired with the logical development of Trade Unionism to bring us many steps further on the way to solidarity and industrial unionism. The sense of regimentation so essential in war, so penetrating in its effects, so destructive of particularism, could not fail to find its counterpart in industrial life. The example of the allied nations, throwing all their resources into a common effort for a common end, must inevitably teach Labour many lessons —not least, the dominant need for organic coherence. Coupled with these powerful influences, we have witnessed the emergence of the workshop as an industrial unit, for its own reasons demanding amalgamation. The results are of enormous importance. There are now in the United Kingdom about 1100 Trade Unions, with a total membership of over 4,500,000. The essential fact is that the number of unions is decreasing, while the membership is increasing. Amalgamation, or projects of amalgamation, is mooted in all directions ; federations or working arrangements (the precursors of amalgamation) are now frequent and of increasing importance. The formation of the Triple Industrial Alliance, finally consummated on December 9, 1915, is a red-letter event in the history of solidarity. It is significant that two of the three unions entering into this alliance—the Miners' Federation and the National Union of Railwaymen—are practically industrial unions.

As I write, among the craft unions, proposals are now being discussed (*a*) for the amalgamation of 23 engineering and metal workers' unions ; (*b*) the amalgamation of 3 of the most important shipbuilding unions ; and (*c*) the federation of all unions connected with the cotton industry. (We see here the reactions of the national or central union and the federal principle, which I discussed in the last chapter.) In addition to these projected craft amalgamations, I have already referred

to (*d*) the amalgamations of general labour unions, who are now arranging for joint action or mutual support between their 900,000 members, a class not long ago regarded as "unorganisable." Nor does the movement towards industrial solidarity stop here. At the Trade Union Congress of 1918 it was agreed to appoint a committee to investigate the possibility of forming industrial unions with provision for craft organisation as an integral part of their structure. Whether it be the spirit of the time or the increasing pressure of the workshop and shop-steward movement, it is evident that Trade Unionism is massing its forces and feeling its way towards unified control.

How far this solidarity will be reflected in politics it is difficult to foresee. So far, political Labourism seems to draw its inspiration from conventional formulæ that have already done duty for the orthodox political parties. Nevertheless, if the Labour Party is to spread its activities over the whole electorate, we shall be safe in assuming that the new industrialism will impose its policy, and finally encompass the political application of its principles.

(*d*) *Labour in the Administration*

Keeping in view the distinction, previously drawn in my chapter on "The State," between the State and the Administration, regarding the Government as the instrument of State policy, we may note that during the war there has been a large accession of major and minor Labour leaders to the administrative corps. Since Sir David Shackleton and other trade-union officials joined the Labour and other Ministries, and particularly since 1914, many hundreds of the less prominent Labour men have taken an increasingly active share in Government administration, both at the centre and locally. There is a multitude of Labour

Advisory Committees ;[1] a Labour representative sat with a Government representative on the Labour Exchange Committees, deciding all appeals against munition recruitment for the Army ; Labour takes an official part in the administration of rationing, of allowances to disabled soldiers ; it plays a considerable part in pensioning ; it has many representatives doing responsible work in the Ministry of Labour. Official Labour has, in fact, secured "recognition" at the moment when its more progressive elements are threatening to repudiate it. In too many cases the Labour men appointed to these administrative posts have regarded Government employment as a sanctuary against extinction. It is a sound generalisation that it is the reactionary or obese Labour officials who find surcease from struggle in the companionable, if stifling, atmosphere of the Bureaucracy.

Although we may regard these men as poachers turned gamekeepers, it is not all to the bad. It is true that they were urgently needed for more exigent work in their own organisations, nevertheless their penetration of the bureaucratic functions, sometimes into the higher and important spheres, constitutes a precedent which the future Labour Government may find valuable. Nor will it have been in vain if it teaches Labour the importance of retaining within its own ranks its administrative elements. At present there are too many goads and too little security.

(*e*) *The Spirit of the Rank and File*

It will be inferred from my last chapter, particularly the section dealing with the new shop-steward, that a new spirit pervades the rank and file of the Labour movement. Taking a more general view than the

[1] It is not without significance that, in Lancashire and elsewhere, these Advisory Committees, now known as Employment Committees, are pressing strongly for executive powers. It is an unconscious expression of the Regional spirit demanding administrative decentralisation.

workshop, we can see that the preoccupation of the older and more somnolent Labour leaders with national politics has induced a reaction amongst their erstwhile followers, who have been thrown upon their own resources, often in moments of danger and difficulty. A more insistent democratic note has been struck ; greater self-confidence has been engendered. This has taken shape partly in the form of the workshop movement, partly in the formation of " ginger groups," who have urged the leaders to more strenuous efforts. It is interesting to note that the National Union of Railwaymen officially recognise these groups, known as " The District Councils and Vigilance Committees," to discuss programmes and grievances. The engineering unions have given countenance to local joint committees, whilst in the coalfields of Scotland and Wales the Miners' Reform Committees are formally committed to nationalisation of the mines, with control by the miners and a six-hour day.

Daily contact with new problems has undoubtedly widened and deepened the education of the rank and file in questions touching their social, industrial, and economic life and interests. The Russian Revolution, the abortive Stockholm Conference, food-queues, censorship—these and a hundred other incidents have stimulated interest in world-problems. So, too, dilution, the industrial future of women, the endless complications of wage-payments, scientific management, bureaucratic control, and many cognate issues have set the workers thinking and acting in ways and directions never contemplated by the prophets. The wage-earners, the salariat, high and low, the administrators of capital, the capitalist himself, all have become acutely conscious of the new spirit, even though few have shown any inclination or had the time seriously to probe the sources from which it has come. The " practical " Englishman remains incorrigible.

(*f*) *Skilled and Unskilled*

As I must deal in the subsequent economic section with the problem of dilution, which really embraces the relations of "skilled" with "unskilled" labour, I content myself by quoting from a private communication kindly sent by an experienced and unbiased student of industrial affairs :

"If the craft unions are to unite in order to defend themselves against the labour unions, the forces of reaction will have an easy triumph when the lean years arrive. The hope for Labour is in the growing strength of the movement for industrial solidarity, and the rank and file even of those unions which pose as the aristocracy of Labour may in time see the wisdom of finding new and democratic leaders who will pursue a policy of greater insight and foresight. Such leaders will not be hard to find. It will be difficult to combat the old school who point to the immediate selfish advantages of a policy of exclusiveness ; but the future is beyond doubt with the more liberal party, whose schoolmasters and missionaries are at work in every industrial centre—in the workshops, if not, as yet, in executive committee rooms in London."

I will only add one sentence : We may find on analysis that the distinction between "skilled" and "unskilled" resolves itself into relative degrees of industrial organisation, or differing intensities of effective demands.

(*g*) *The Moral Factor*

Notwithstanding the enforced relaxation of the Trade Union codes and regulations, it can be affirmed that the close of the war finds British Labour more buoyant and confident that ever before in its history. Never has there been such a receptiveness to new ideas and bold policies. Nor need we fear psychological depression from our soldiers returning from a victorious

campaign, where they have faced, unflinching, grave reverses, and won through by a national tenacity, which they will not be slow to turn to industrial purposes. A victorious citizen army will not submit to industrial oppression, if its leaders are as wise as the men are brave. Concurrently, we have witnessed a sharp decline in the prestige of Capital, whose incurable selfishness compelled the State to take control. Each denial by the State of the impudent claim of the employers to do as they pleased has weakened the responsibility of Capital and removed all justification for privileges, which can only be based on the faithful performance of responsible functions.

But if the State has been compelled, however reluctantly, to curb the predatory methods of the profiteers, it has discovered that its own intervention in industry is sternly limited to public policy : that now as always the tools are to the workman, who can alone give practical effect to material needs. If we had to fight the war over again, we should leave production to autonomous industries, with the minimum of interference by bureaucrats. The functional principle has asserted itself with an emphasis not to be misunderstood. We now know that it is not State control but rather industrial control that will prove our salvation. From this Labour can draw both inspiration and confidence. It alone, of all the factors of our national life, has maintaine its functional standard : its function is found to be vital and permanent ; other functions have been cast incontinent into the melting-pot.

No democrat would affirm that war is the supreme test either of nations or classes ; but undoubtedly it searches out our vices, weaknesses, and social errors. If its mistakes have been many and sometimes dangerous, yet Labour can look back over this rigorous period with pride and satisfaction, emerging with an invigorated faith, a widened horizon. Our men return trained to vast operations, their minds coloured by

great conceptions. The fusing of new principles with these unexampled experiences opens vistas of an industrial destiny more consonant with sanity and the humane. Labour has glimpsed the meaning of economic freedom. In the terror and devastation of war, in the sombre memories behind us and the sordid necessities before us, this stands sure : there is a new vision, and the people shall not perish.

II. An Economic Survey

It is the antinomy of capitalist logic that national prosperity by no means connotes Labour prosperity. A simple instance proves this. Judged statistically, India abounds in prosperity. We hear of vast irrigation schemes, of railway projects, of large dividends, and only occasionally and casually of Indian discontent. Yet the Indian ryot is very much where he was before we sent out our engineers and capitalists. Recently there were riots in Japan, directed against speculators in rice, who had won vast fortunes out of the hunger and oppression of the Japanese proletariat, the immediate victims of the world's shortage of food-stuffs. Are we to gauge the prosperity of Japan by the dividends of the rice speculators or the miseries of its peasants and mill-operatives ? Or shall we appraise the economic position of the British mercantile marine by the dividends of the shipping companies or the 15,000 seamen who have " paid the price of admiralty " in the years of the war ? Strange, too, if we ponder it well, that these 15,000 men at the bottom of the sea have by their deaths actually enhanced the wages of the survivors. Jonathan Swift, who so accurately calculated the value of infants as butchers' meat, might now inquire at what stage of this wholesale drowning would the shipping trades suffer economic loss ? To-day, as during the whole period of the great industry, the sum total of material wealth is no criterion of its diffusion. It is,

indeed, the capitalist assumption that, had the wealth been distributed amongst the wage-earners, it would not have been available as capital for new and ambitious enterprises. The essence of the capitalist system is that, to win success, concentration of capital is imperative. Since this wealth is the basis of credit, it follows that, so long as capitalism persists, Labour must be content both to accept a commodity valuation of its labour and to entrust the capitalist with the only available source of credit. The class-struggle, therefore, assumes two vital forms: (*a*) the rejection of the commodity valuation of labour ; and (*b*) the organisation of credit based upon a monopoly or control of the productive processes and no longer upon " securities," defined by the cambists of Lombard Street and the monopolists of the currency.

The Minister of Labour would resolve this antinomy by continuing the capitalist system whilst, at the same time, recognising the right of Labour to a larger share in the distribution of wealth. He thinks these ends can be attained in greatly increased quantitative production. Apart from the doubtful wisdom of concessions to quantitative production, there is no escape from the dilemma that the wage-system definitely establishes a collision of interests between Labour and Capital, or, alternatively, the extent to which Labour absorbs surplus value *pro tanto* deprives the entrepreneur of his credit facilities in obtaining further capital. If, however, I am told that increased wages can be paid out of increased production, without impairing credit, the reply is decisive: the credit obtainable out of increased production comes out of intensified Labour, and is therefore the property of Labour and not of the employer. It would seem a difficult task to reconcile Labour and Capital by robbing Labour of the one thing it can turn to account over and beyond the cost of its sustenance. The truth of it is that the Labour monopoly, bringing in its train wage-abolition, constitutes *ipso facto* a new system of credit, based upon productive capacity, and no longer upon

bank-paper, backed by transferable property, expressed in gold or other commodity currency. The basic fact of national wealth is the power and pledge of Labour to produce wealth. And I repeat what I have often before written : by wealth I do not mean illth ; Ruskin's admonition remains the kernel of sound economy. The Minister of Labour, like lesser mortals, must learn that the capitalist method of obtaining credit is fundamentally dishonest, in that it is negotiated by a forged promissory note signed without Labour's *per procuration*.

These considerations are pertinent to our inquiry into the economic influence of the war upon Labour. The test is whether the power of Labour to supplant capitalism has increased or diminished. The answer hinges upon the progress made towards the Labour monopoly and the capacity to evolve a new form of credit.

A superficial reading of the previous section, dealing with the formal position of Labour in war-time, might lead to the conclusion that the Labour garden is blooming. But are there no weeds ? What of dilution ? What does it mean in terms of organised Labour that, whereas two million women have gone into industry, only 350,000 of them have joined the trade unions ? Does this mean a million potential blacklegs ? Moreover, what is the position of $4\frac{1}{2}$ million trade unionists when $4\frac{1}{2}$ million men return from the colours ? When these factors come into the picture, it would seem that any roseate conclusions are premature.

Before I examine in detail the effects of dilution, a new development may be noted. It is one of the most significant incidents in the history of trade unionism, for it marks the beginning of the trade-union absorption of the salariat, the first step towards the Guild conception of Labour organised to include management. No apology, therefore, is needed if I tell the story at some length.

The Iron and Steel Trades Confederation is a power-

ful trade union, which, with its affiliations, comes very near to a monopoly of Labour in iron and steel plants. It is by no means revolutionary in its methods ; in the concourse of Labour ideas it is probably on the right rather than the left. It is fully recognised by the employers, who constantly meet it in conference. Whatever steps the Confederation takes are more likely to be dictated by practical affairs than by abstract principles. In an award, number 2299, of the Committee on Production, we find this conservative and cautiously managed trade union acting for a body of men known as "sample passers." This small group is either recruited from first hand steel smelters or they graduate through the laboratory. An exact knowledge of their status is essential if we are to understand all that is implied in this unique arbitration. Although paid weekly, they undoubtedly belong to the salariat. The Committee in their award state that "they act as foremen and supervisors in connection with the working of the furnaces. They work out the details of the furnace operations as decided upon by the steel works manager. They are responsible for the proportioning of the materials which make up the charge, for the taking of samples for analysis, and for seeing that the furnaces are kept in good order and worked in accordance with instructions. Their duties are solely those of supervision and maintaining discipline, and they act under the direct orders of the steel works manager." The Committee offers conclusive proofs that they are not wage-earners in the accepted sense of the term, for they are paid during holidays and sickness. That is to say, their labour is not on the commodity valuation ; they are paid on a managerial basis. The Committee on Production state definitely that "they are dealt with as a part of, and on the same lines as, the general management staff." Nor do they appear to be starving. At the time of the award their average earnings were £13 : 5s. a week,

having obtained an average increase during the war of £4 : 11s.

In October 1917 the sample passers in the majority of plants applied for an advance. Certain of them met representatives of the employers, but failed to obtain any addition to their pay. In the first instance, let us observe, they behaved like gentlemen and not wage-earners ; no trade-union interference ; they went direct to the management, and doubtless, in simple and heart-felt language, told their doleful tale of difficulties to make ends meet on a beggarly £13 a week. Not dismayed when judgment went against them, they requested the Confederation to intervene on their behalf. A claim was accordingly submitted for the full sliding-scale percentage, to be retrospective as from June 1917. I do not know, but I suspect that this would have meant £250 to each oppressed sample passer. The Employers' Association point-blank declined to recognise the Confederation in this claim. I can indeed understand their pained surprise. However, the Confederation went to arbitration ; evidence and arguments were heard with all decorum, and the award lies before me. "After careful consideration of the evidence placed before them," the Committee decided that the claim had not been established. I invite attention to the reason : "In the opinion of the Committee, the nature of the duties and responsibilities of the men concerned are such as to make it undesirable that any change should be made in the practice that has uniformly prevailed hitherto, under which the remuneration [note *passim*, remuneration, not wages] and conditions of service of the sample passers are regarded as a matter for direct discussion and adjustment between the management of the firms concerned and the men themselves." The Confederation, as a common trade union, was thus politely bowed out. We may infer that the case was not decided on its commercial merits, because "the Committee think that it would be of advantage if the firms

affected were to take an early opportunity of conferring with a view to adjustments being made in those cases in which the earnings of the sample passers under the existing rates of payment are below the average obtaining through the several works as a whole."

In plain terms, these minor members of the management are told that they must play cricket : must not keep low company : can rely upon it that, as " hawks do not peck out hawks' een," they can get what they want, if they go about it with softer tread and less threatening mien. The award, however, does not end the episode. The Confederation protests on several points, but notably this : " The observations of the Committee with regard to the method of negotiation to be adopted by the sample passers are entirely gratuitous. Whether the men should adopt either individual or collective bargaining was no part of the terms of reference, and in the interests of good relations as between employers and workmen, the Committee would have been well advised to have left that question for settlement between the parties concerned. The interference of a Government Committee in such a matter is unfortunate, since it cannot fail to create in the minds of the men a lack of confidence in the Committee's impartiality. The Committee would have served the interests of all concerned with much better effect if it had exercised its legitimate functions by making those adjustments which, in the concluding sentence of its award, it indicates are necessary."

The papers do not disclose whether these sample passers are members of the trade union which took up their case. Possibly the promoted first hand steel smelters had retained their connection ; probably those who had been appointed from the laboratory had no thought of joining. I do not know ; nor does it matter. The striking fact is that here is a trade union invading a province hitherto sacred to management : demanding a considerable increase in pay on behalf of men already

earning anything from £500 to £700 a year. It is a portent, marking a new sphere of activity for trade unions. We know that the Railway Clerks' Association draws closer to the National Union of Railwaymen ; we know that there is a Clerks' Union that showed considerable activity and some strength prior to the war ; but what are we to make of a trade-union demand to increase the pay of supervision from £600 to £1000 ?

We can hardly refrain from connecting this case with the workshop activities described in my last chapter, particularly the question of foremanship. We can be tolerably certain that these sample passers, having invoked the aid of a trade union, are for the future suspect. The Confederation will doubtless have to watch closely whether the future sample passers are recruited from the laboratory or from the operative steel-smelters ; whether the function of sample passing is recovered by the management and re-established in status, or whether the management will gradually relinquish it and retire to other defences. I am not here concerned with the concrete case of this particular group—in eleven large firms there are only thirty of them ; what concerns my argument is the fact that here is a trade union intellectually willing to extend its boundaries to include the salariat. Nor must we forget that the phenomenon has occurred in a blackleg-proof union.

It may be argued that the sample-passer is a type of foreman engaged in an industrial process, more nearly concerned with technique than with management. This may be so, even though the Committee on Production ruled otherwise. An alliance of management, strictly considered, with a trade union, can now be found in the Railway Clerks' Association, whose activities in recent years read like a romance. Incredible though it seem, it is a fact that prior to the war railway clerks' wages on the Welsh railways did not exceed £40 a year. Elsewhere the rate varied from £60 to £90. In

1910 the maximum on the Midland Railway was £110. During the war these salaries were of course augmented by bonuses. Meantime the Railway Clerks' Association grew in strength and grace, so that, by July or August 1919, it was in a position to bargain with the Railway Executive Committee, acting on behalf of the Government. After protracted negotiations, a scale of salaries for the whole clerical staff of all the railway services was arranged. By this scale boys of 15 and 16 are to receive more than the greybeards of 1914. The senior scale, beginning at the age of 18, starts at £80, rising to £200 after fourteen years' service. Add to this the bonus, which broadly follows the Civil Service scale. I must not, however, linger on such jumps in prosperity, for they are not particularly germane to the question of management. The settlement provides for classification. Thus, clerks in the Fourth Class start with a minimum of £210; the Third Class start at £240; the Second Class at £270; the First Class at £320. This clearly covers the lower ranks of management. But the settlement does not stop here: stationmasters and goods agents are also included, their salaries ranging, according to class, from £150 to £350. Above that the maximum is fixed by the position and importance of the station.

A trade union with a membership including, or open to, every grade, from a first class stationmaster down to the humblest clerk, must inevitably exercise a definite influence upon managerial policy. When that Union, in its turn, co-operates (as it does) with the National Union of Railwaymen, it is evident that a Railway Guild is in sight. But there is more to tell. There are indications that the Railway Executive Committee had determined to limit the action of the Railway Clerks' Association to a maximum of £350. This attitude, if it existed, collapsed before the conference ended, and the Association, it was agreed, should at least have official cognisance of the terms and salaries

of officials with "more than ordinary responsibility." The classification of these positions, "above First Class," are to be submitted to the Association. The £350 barrier has been broken down. We can see the consequence in the programme issued by the Railway Clerks' Association, in which every scale of salary from £70 up to £1000 is included. This, I imagine, comprises the great majority of the functional hierarchy.

The intervention of a trade union on behalf of a managerial group is, no doubt, rare ; it is, nevertheless, symptomatic, as lightning reveals electric disturbance. It definitely bears upon the suggested test whether Labour is as yet capable of supplanting Capitalism. For, either the managerial groups obey an economic function or play a non-economic part as Capital's policemen. I do not doubt that in the winnowing processes of the functional principle, many so-called directive functions will be proved to be valueless, and, therefore, an economic waste—an economic waste whatever their commercial utility ; but we shall discover that many directive functions, particularly those based on technical or special training, are of undoubted economic value. In so far as these managerial occupations contribute to the wealth of the community, it is evident that Labour must absorb them, must win their allegiance from Capitalism, if it is efficiently to supersede the existing system. Twenty years ago, I wrote in an American magazine that Socialism must fail unless it could win to its side the man with £600 a year. We have travelled far since then — from State Socialism to the idea of National Guilds, from faith in an omnipotent and all-pervading State to a settled conviction in the necessity of separating the political from the economic functions. But I was substantially right ; Democracy must consolidate and control all the industrial forces, unifying and harmonising all those elements that clash in a devastating class struggle. The significance of the sample passers' arbitration lies in this : it is the first,

or an early, *rapprochement* between organised Labour and technical management. Collective contract would expedite this movement, compelling the lower ranks of the technical hierarchy to declare themselves ; still more so, if it embraced the purchase of raw material. It would be foolish to prophesy when, if ever, the sample passers' arbitration and collective contract will become the ordinary routine of industrial life. I content myself with one observation : taken in conjunction with workshop control, the new shop-steward, the changing status of the foreman, the increased bargaining power of the trade unions (partly political, mainly economic), they are indices pointing the degree of Labour pressure on the industrial machine, in war-time.

III. Gold and Credit

The essential value of technical direction in production is not, I suppose, in dispute. We shall probably agree that many managerial groups on the commercial side of industry are superfluous and non-economic ; but the man skilled in technique and capable of directing his fellows in the best production is precious as rubies. If, then, Labour weans the technician from the Capitalist influences, drawing him into its own family, it gains substantially in its control of production, thus approaching organisation on Guild lines. Subject, however, to an important proviso : that it utilises its enhanced industrial solidarity by applying it to newer and saner methods of credit. Since the test is whether Labour grows organically so strong that it can, within an appreciable time, supplant Capitalism, it follows that this enhanced industrial power must not lie dormant but must be actively applied to the task of doing for itself what previously the Capitalist has done for it. The business of the Capitalist is to find capital ; if Labour can procure its own capital, the Capitalist's occupation is gone. The war has taught Labour, if it did not

know it before, that capital comes in the form of credit. No doubt this credit has been measured by a gold standard and meted out on a certain elastic ratio to gold, so that the owners of gold—the banks and their clientele—have been able to control the money market by imposing upon industry, as a fixed charge, payable on demand, the commodity value of the gold coinage. But the elastic credit, necessary to the conduct of the war (or so presumed and admitted), has now been stretched to almost transparent tenuity ; so much so that the gold basis, upon which these vast credit transactions have been based, is now submerged in a mass of national and industrial commitments, which take little or no account of their gold parentage. This elastic credit is stretched to breaking-point ; but it still holds, and there is reason to apprehend that an attempt will be made to bring back credit to within nodding distance of the value of an ounce of gold—the purchasing power of an ounce of gold—as it stood on August 4, 1914. It needs no mathematical mind to realise that if this stupendous ramp succeeded, British capitalism would aggrandise itself to the extent of the cost of the war, since to-day an ounce of gold will only purchase one-half the commodities it could command when the war began. Mr. Arthur Kitson, in his over-stressed and rather one-idea'd book,[1] puts this plainly :

" Now the actual value of this money when subscribed, may be readily traced by studying the daily market quotations for all kinds of commodities. The value of the pound in wheat at the time of the last loan was from 2 to 3 bushels, in potatoes from 50 lbs. to 60 lbs., in butter from 8 lbs. to 10 lbs., in eggs from 80 to 100, in steel from 20 lbs. to 30 lbs., in rolled brass from 12 lbs. to 20 lbs." Putting labour at its commodity and not its community value, its price would necessarily respond. That is to say, that we, as a nation, borrowed cheap pounds. If, however, we are to repay at pre-war

[1] *A Fraudulent Standard*, by Arthur Kitson. (London : P. S. King & Sons, Ltd.)

rates, by the bankers' simple expedient of restoring paper-money to its old ratio to gold, we must repay in dear pounds. The nominal debt remains unchanged, but Labour must repay in commodities twice the amount it borrowed in commodities. In estimating the economic influence of the war upon Labour, it is clear, I think, that we must look closely at the purchasing capacity of wages in war as compared with peace. Undoubtedly, if the labour commodity, in tune with other commodities, can be subjected to extortion by the mechanism of the money market, it follows that Labour organisations must be judged by their power to resist high finance, as a part of their resistance to industrial capitalism.

It is a mistake, however, to ascribe to any currency, whether based on a commodity like gold or silver, or only on paper, too great an importance. It is comparatively a small matter what substance we employ to express value if we are free from any mechanical restrictions upon the creative values. In poker it is of small moment whether you play with ivory chips inlaid with gems or with matches. The stakes are not restricted by the nature of the counters, which are only a convenience and not absolutely necessary. The gravamen of serious criticism against the existing monetary system is that the owners of gold consciously and deliberately limit industrial enterprise, because they are bound to preserve a measurable relation between the gold reserve and the demand for credit, expressed in gold values. The consequence is that if the gold reserve is low, credit may be rendered oppressively dear or refused *sans phrase*. No matter how sound the venture, how socially desirable, the money market is inexorable ; money refuses to talk ; money is master of the situation. I remember, as a young man, listening to a discussion, in the Council of the City where I lived, on a proposed municipal loan for a trifling quarter of a million. The money was urgently required for an extended drainage system, due to the growth of the population, and for

other purposes affecting the health and comfort of the citizens. To my surprise, the Finance Committee opposed the proposal. Not, if you please, on its merits ; on the contrary, its urgency was recognised. Not because there was no satisfactory security ; on the contrary, there was security ten times over. Because, if you please, the money market was unfavourable ; a municipal loan just then would have had to be floated at a rate of interest higher than such a gilt-edged security would warrant. This city of 150,000 inhabitants, largely engaged on a vital industry, had to imperil its health, to postpone important projects, to wheedle and argle-bargle and finally await the pleasure of Lombard Street and its satellite investors, shepherded by trust and finance companies, in themselves a dangerously parasitic industry. This experience is, of course, common enough ; it may involve an epidemic ; it may equally create unemployment ; it may strangle a new industry at its birth (as it has done a thousand times) ; it may, and does, compel honest men to shoulder burdens that ought not to be burdens, transforming a social value into a continuing debt. But what will you ? The gold standard is sacred.

It is so sacred that its advocates do not even trouble to defend it ; its justification is assumed to be beyond criticism. Thus, Mr. Hartley Withers :

" Good banking consists in giving as much assistance as possible to trade in the matter of credit, and, at the same time, restricting credit as soon as the proportion between cash and liabilities is below the point at which prudence and caution require that it should stand." [1] That is certainly good banking, and, granted the gold basis, no banker can do otherwise. But the inference would seem to be fatal. If the banker is bound by prudence to restrict credit to available cash, and if credit is required beyond a prudent cash reserve, the

[1] *The Meaning of Money*, p. 78, by Hartley Withers. (London : John Murray.) See also *Money and the Mechanism of Exchange*, by Professor Stanley Jevons. (London : Kegan Paul.)

only possible inference is that, however successfully the existing bank system may have functioned in the past, modern economic developments have gone, or must go, outside its narrow ambit, to seek new sources and methods of credit. We are rapidly approaching the moment when we may be compelled to break away from credit restricted by the gold reserve to credit related no longer to gold but to productive capacity, in the light of effective demand.

The conclusion is that the question of currency bifurcates into two different, but related, problems : the one of the nature of currency ; the other, and vastly more important, of credit facilities in the production of commodities. The immediate issue in regard to currency is whether Labour is powerful enough to resist any attempt to return to the pre-war ratio between paper and gold : whether it is in a position by intelligence and organisation to insist that it will only repay one hundred eggs, the number borrowed, and not 200, the number that might be called for by the gold magnates, could they succeed by withdrawing paper in reducing the present " inflation." It is usual to speak and write of inflation as though it were a disease ; it is only by inflation that war-production was possible ; if inflation is such a powerful lever in war, need it be less effective in peace ? We may observe, too, that this inflation, resulting in cheap money, has been applied as capital in the creation of war industries and not only or primarily as an expedient to tide over a period of financial stringency. Not only so, but the basis of value has been transferred from the former commodity value intrinsic in gold to the wider value inherent in national credit. Since the gold reserve is probably not one per cent of the paper money in circulation (" payment in gold, on demand " has become a figure of speech), it is evident that what the holder of paper money expects is not gold, which in this sense is valueless, but the equivalent in commodities, on demand. The Food Controller knows this ; apart

from the urgency of equitable distribution, he has had to fix prices based, not upon the gold standard, but upon the social necessities of the national life and conveniently expressed in existing monetary terms. "Inflation," properly understood, means a method of exchange independent of gold "with a mark upon it to determine its weight and fineness." Naturally enough, Lombard Street dislikes it; but it is neither to be condemned nor commended on that account. It is solely a question of the value in commodities realisable by paper-money. That resolves itself into a further and more difficult inquiry into the relative and exchange values of commodities—in a word, into the soundness of our national economy. Does every stroke of the hammer, every flight of the shuttle, every driven nail, the turning of every clod of soil add to our wealth? Then all is well. In these and ten thousand other human efforts, we shall find real value. Viewed in this light, we can but marvel at the unconscious effrontery of those who would measure it by a gold bar in a glass case in the Mint.

This excursus into currency seems desirable, before we can reply yes or no to the question whether Labour, during the war, has gained or lost strength (*a*) in the exchange value of the labour commodity, and (*b*) in so organising that it can, when the time comes, provide for credit in carrying on transactions independent of Capitalism. We may say of the first that Labour has gained by inflation, and that, by its increased bargaining powers, could, if it would, continue the inflation, until such time as the State would accept a new basis of exchange value in consumable commodities and no longer by a legally enforced valuation by a gold standard, itself variable, and variable at the will of those who themselves gain by the variations at the expense of Labour. But I have, as yet, seen no evidence that Labour has even begun to consider credit as it affects industry now and in the future. Nevertheless, Labour is in a position to affect credit in ways impossible before

the war. We have seen that the credit indicated in paper-money is now found in the State and practically without regard to the value or reserve of gold : that, in consequence, the security of paper-money must be found in the productive processes. In other words, we now see how feasible it is to issue currency guaranteed as to value by community production. From community to group production is an easy transition. Therefore, those who control group production can, when so minded, arrange credit in commodities on the security of the group guarantee to produce the equivalent in a given time and under agreed conditions. Indeed, Labour may be forced to provide its own credit or be disintegrated by unemployment and trade depression.

The extension of credit beyond the ratio to the gold reserve fixed by prudent bankers is naturally exercising many minds. A favourite proposal is to nationalise the banking system. But the continuation of existing currency methods by the State, whilst decidedly better from the political standpoint, would afford but little relief to those in search of credit. Even a group of engineers or shipbuilders might find that the State would call for securities over and above the output against which credit was demanded. Obviously, a new principle of credit must be formulated. Turn it round and about how we will, this formula must spring out of organised production. When this is realised, Labour will at least be consulted and its co-operation demanded. From co-operation to control of credit is largely a question of Labour organisation, embracing the directive elements, as yet under the tutelage of their employers, but even now contemplating the transfer of their allegiance.

IV. Dilution and After

In the three preceding sections of this chapter, the favourable elements of Labour's situation in war-time

have been mainly considered. We have discovered, to the surprise of many superficial observers, that the Trade Unions have grown in membership and financial strength ; that, freed from the incubus of unemployment, Labour has stiffened its demands and shown a resilience and vigour never before witnessed ; that new ideas and a wider horizon have become visible. In its more strictly economic aspect, we have seen a growing industrial solidarity, not only in the direction of union amalgamation, but in a tentative and significant *rapprochement* towards the salariat. Moreover, we see, dimly as yet, that in its growing control over the productive processes, Labour, if intelligently alert, can prevent a return to dear money, and perhaps evolve a new system of credit. We may set down all these factors to the potential side of Labour's balance-sheet, and proceed to the consideration of the adverse influences. These broadly are two : dilution and unemployment. There are, of course, adverse conditions, such as trade depression, which seriously affect the community as a whole ; I refer here only to such weaknesses and dangers as threaten the Labour organisation as such.

It is contended in Marxian circles that dilution is not the creation of the war ; that it is implicit in the Capitalist system ; that sooner or later, the semi-skilled, the unskilled and women would have been pressed into industry under whatever excuse came readiest to hand ; that accordingly the war only accentuated the inevitable. There is nothing in the logic or spirit of capitalism to preclude such a development. It is not unreasonable to suppose that capital would sooner or later have exploited the growing cleavage between craft and industrial unionism. Be that as it may, the facts are sufficiently startling. From 1915 down to the end of the war, every craft monopoly has been ground in the mortar ; the pivotal positions in the workshop have shrunk to a minimum ; the semi-skilled and unskilled

worker, man and woman, has been at work hitherto supposed to be the monopoly of the trained industrial craftsman. Moreover, thousands of employers, having trained these dilutees, prefer them to their former employees, and will undoubtedly retain them if permitted. Everything depends upon the attitude assumed by Labour towards this new industrial army. If enmity be shown, the employers have only to divide and conquer; if absorption into the Trade Unions be the policy adopted, then Labour has under its control a considerable accession both of skill and numbers.

The progress of dilution has been in two stages : first by the semi-skilled and unskilled men rushing into munition manufactures in the early months of the war, where they have remained under "protection"; secondly, and subsequently, by a million or more women, who now constitute the real problem. But the semi-skilled and unskilled have not remained in their previous industrial status ; on the contrary, they have from the beginning gradually acquired skill in increasing degree and numbers, so that to-day, making all allowance for men who have consistently been engaged on repetition work, it can be said that many thousands cannot be distinguished by the quality of their work from men who have graduated through orthodox apprenticeship. They have been encouraged in this by the Government, who have adapted or organised sixty or more technical schools and colleges for training purposes, mostly for men, in certain cases for women. Probably 50,000 semi-skilled workers have been trained in these institutions. Not only in the simpler work : over 20,000 have been taught difficult and intricate processes. Strictly on the merits of their work, ignoring the Trade Union rules as to apprenticeship, it can hardly be denied that a considerable proportion of these dilutees, particularly of 1915 and 1916, must now be regarded as skilled workers. The Government may redeem its pledge to restore the pre-war conditions ; that does not affect

the skill or otherwise of the earlier dilutees, who have stood the test. It would be certainly unwise for the craft unions not to take this fact into consideration. If they exclude them from membership, the general labour unions will accept them, with the inevitable result that the unskilled unions, so-called, will claim a great variety of jobs which, in pre-war days, were regarded as the prerogatives of the craft unions. If, however, these skilled dilutees are accepted for what they are, the craft unions, industrially considered, are so much the stronger.

The skilled dilutee, however, is not relatively a difficult problem. Even if his numerical strength should reach a quarter of a million, it is a feasible task for the craft unions to absorb him. It is when we consider the industrial position of women that our troubles really begin. We shall be on the safe side if we assume that, throughout the munition firms of Great Britain, when the Armistice was signed, fifty per cent were women. Probably, too, in the other industries, an equally high or higher percentage obtained. Without committing ourselves to numbers or percentages, it suffices that in 1918, as compared with 1914, there was an increase of 1,500,000 women in industry.[1] From this we must make certain obvious deductions. A considerable proportion will return to domestic life when their men come back. A further large number will fall out automatically with the closing of the munition factories. A still further number will fall out from industrial or physical incompetence.[2] But, when all allowances have been made, a large number of women, greatly in excess of the number of male dilutees, will not only elect to stay in industry but have acquired the requisite skill and experience : will, if put to it, compete on the labour market.

The outside public is prone to imagine that the work done by women during the war has been either purely

[1] This figure does not include the number of women who have taken up miscellaneous occupations. I am here dealing only with woman's work as it may affect organised labour.

[2] By October 1919 these eventualities had all three been realised.

unskilled or repetitive. This is true to a large extent; but it is not the whole truth. It was, I think, strictly true down to the spring of 1917. But as the military demands for men of fighting age grew more exacting, large numbers of men, who, in the first instance, came under the "Schedule of Protected Occupations," were released to the Army, whilst the events of March, April, and May 1918 strained the nation's resources of skilled men to a dangerous limit. The consequence has been that woman has undertaken skilled work previously assumed to be beyond her capacity. Not only has she undertaken it; she has succeeded. So much so, indeed, that it is now difficult to believe the number of delicate and highly trained operations she performs. The progress of women in these years towards industrial efficiency is of historic interest. It may be well, therefore, briefly to review the stages. In 1915 women did little more than labourer's work, fetching and carrying for the men. In 1916 they gradually filled the places of men who were called to the colours or voluntarily enlisted, the latter in far larger numbers than is generally realised. It then became evident that, as the war would be prolonged, we would be compelled to rely upon woman's labour, both to produce munitions and continue our economic processes. There was nothing for it but intensive instruction in one form or another. The object aimed at was to train a woman rapidly to perform one operation, of the many involved in the production of a particular part or piece. She was required to become a specialist in this one thing. Incidentally, we may remark that the average apprentice is not taught much more than this and takes longer to acquire it. But an intelligent worker, man or woman, would not stop there. She has eyes; she talks with others; they compare notes. Often she gets transferred to another job; the skill gained in one operation can with little modification be applied to another. In the end, partly by training, partly by observation, partly by atmosphere, many thousands of

women have become reasonably competent industrialists, many more thousands have become adepts at one, two or three operations.

Thus, by the autumn of 1917, we find that women had travelled far from their industrial starting-point of 1915. She had conquered both heavy and light work. In several factories, after a few months' training, she had made gauges accurate to within one-quarter of a thousandth of an inch (·00025); she has been known to unload coal wagons, shifting 20 tons per woman per day. So far back as June 1917 came this official announcement:

Petrol Engines.—Messrs. R. A. Lister & Co., Ltd. (Dursley), have women engine-testing, tin-smithing, fitting, erecting and viewing in connection with petrol engines.

A petrol engine, particularly for aircraft, is a most complex and delicate piece of mechanism. When women have performed, under skilled supervision, all the subdivided processes here enumerated, there is little or not much left for a skilled engineer to do after them.

In 1917 that was regarded as a notable performance. A year later, from the same official source (week ending August 10, 1918), I read:

Tool-setting.—In the factory of Messrs. White & Poppe, Limited, Coventry, making brass fuses, Nos. 106 and 80, Mark II., 21 women are employed on Cleveland automatic machines and 16 on Brown and Sharpe's automatic machines. They work to limits averaging four one-thousandths of an inch on the outside diameter and two one-thousandths on the inside.

Gauges.—At the works of the Telephone and Microphone Company, Sutton, two-thirds of the hands are women, and, apart from the proprietor and a discharged soldier, only three are skilled men. On screw-gauges, two women do the entire work, including hardening by the cyanide process and final correction. They work to limits as close as half a ten-thousandth of an inch.

Constructional Engineering.—At the works of J. Westwood & Co., Ltd., Millwall, two years ago, no woman was

employed. Now women are engaged on unusually heavy work. Four women, taking the place of three men, bend sheets of one-eighth inch metal, each weighing about 2 cwt. on hydraulic presses.

Then follows a list of other heavy tasks. The report ends :

The women are contented, in spite of the fact that they have to work in open-sided sheds. They give satisfaction to their employers.

Similar reports follow showing the work done by women on ammunition and limber wagons, optical instruments, electric lamps, machine belting. The last note reads :

During the past ten months nearly 100 girls have been transferred from the preliminary course at the York Technical School to the Government Instructional Factory, Birmingham.

The extent to which woman has invaded industry can be dimly estimated by a glance at the Catalogue of the Exhibition of Samples of Women's Work, at the Whitworth Institute, Manchester. Fifteen groups of exhibits covering engines of every description, guns and components, small arms, gauges, drills, cutters, tool-room work, aircraft fittings (metal and wood), projectiles, general engineering, including machine tool parts, optical munitions and glassware, surgical and chemical glassware. This Catalogue reeks with most significant comments. I confine myself to only one, which every engineer will appreciate :

In the works where these articles are manufactured, the extent to which female labour has been utilised on non-repetition work of very high-class may be gauged by the following facts. The milling machines are operated by 24 girls under the supervision of 2 skilled men. There are 23 girls on Capstan lathes with 2 skilled men supervising. Of six shaping machines, five are operated by girls and the other by a man who gives the girls any assistance they may need. Eight girls are working Universal grinders, all

under the supervision of one man. There are six girls operating engraving machines, and these are supervised by a woman. Fourteen girls are working centre lathes, doing screw-cutting, both internal and external. Their lathes are situated alternately with lathes operated by skilled men, who give the girls such attention as they need. In the tool-room a girl works a Universal grinder, another a Universal miller, while a female tool-fitter backs all formed cutters by hand. There are 13 girls fitting gun-sights at the bench, doing all work except that demanding the highest degree of skill, which is left to experienced male fitters.

Before coming to the medical and social aspects of this new factor in industry, there is one feature of great significance. Since woman generally has not the physical strength of man, special machines have been devised to supplement her work—lifting and carrying gear and the like. Nor must we omit from our calculations the enormous progress made during the war in automatic machinery, ingenious, of course, but steadily achieving simplicity of operation and as near as possible "fool-proof." Whether woman remains in industry or leaves it, all these mechanical aids to physical disability can still be applied and developed.

I have heard it stated many times that the women have worked in the munition factories more intensively than the men. It is probably true ; but we must be careful not to draw the wrong deductions. Historically considered, the men are in their second industrial wind ; they have a tradition, not of laziness (although under the wage-system that would be comprehensible), but of unconscious adaptation to the length of the course. The women are novices ; they have worked under the excitement of a war, in which their men-folk were deadlily engaged. Over a long period of years (the only test of endurance) I think it is certain that the men would outpace the women both in application and output. But it is profoundly important to ascertain the physical effects upon women of industrial strain ; for not only is it certain that, whatever their endurance, they are physically weaker than men, in addition we

must bring into the count their special physiological functions.

It is, as yet, much too early to reach any definite conclusion ; we shall not for years be able to estimate the physical influence of the workshop upon the vitality and health of children born in these conditions, whilst the immediate effects upon the women's physique are still unmeasured. These facts, so far as they have been collated, will be found in the Final Report on Industrial Health and Efficiency by the Health of Munition Workers' Committee, the result of an exhaustive and sympathetic inquiry into the health conditions of munition workers.[1]

Without more ado, I turn to the section on fatigue, which the Committee defines as " the sum of the results of activity which show themselves in a diminished capacity for doing work." The whole of this section is of immense importance to industrial students : I am here concerned with fatigue as it affects the women workers. We have the results of two medical inquiries, one in which 1326 women and girls were examined, and the second, 1183. The results of these inquiries are thus tabulated :

Number of workers examined.	Class A. Healthy.	Class B. Some fatigue or ill-health.	Class C. Marked fatigue or ill-health.
Inquiry No. 1, 1326	763 = 57·5 per cent	451 = 34 per cent	112 = 8·5 per cent
Inquiry No. 2, 1183	692 = 58·5 per cent	425 = 35·8 per cent	66 = 5·7 per cent

Upon this, the Committee remarks :

The total proportion of women exhibiting definite signs of fatigue is about 40 per cent of all cases. But this percentage does not represent the full burden of fatigue, for the following reasons : (*a*) much early fatigue is latent and objectively unrecognisable ; (*b*) the women most seriously affected tend to drop out of factory

[1] Cd. 9065. Price, 2s. net.

life before they have served for any long period, and therefore are not included; (*c*) women knowing themselves to be fatigued were not willing in all cases to subject themselves to examination; and (*d*) the examination was necessarily superficial and incomplete, and only such as could detect definite and obvious fatigue, amounting almost to sickness.

These are sufficiently grave findings, but, if an amateur might intervene, I would like to add that as nine months elapsed between the two inquiries, it is not unreasonable to infer that the women in Class C had probably dropped out in considerable numbers. It will be observed that, in the nine months, the percentage of Class B rose from 34 per cent to 35·8. It would probably have risen much higher, but, during the intervening period, the hours of work had been shortened, overtime greatly reduced and only spasmodic, Sunday labour abolished, and factory conditions generally improved. It is evident that the physical strain on women, even so far as it could be outwardly observed, was felt far more acutely than it would have been by the men. Nor do I doubt that in, say, ten years, Class B would have drawn heavily upon Class A. The ailments most frequently observed were indigestion, serious dental decay, nervous irritability, headache, anæmia, and disorders of menstruation. Something like a quarter of the women workers examined failed in one respect or another; 7 per cent had throat trouble; 8 per cent suffered from eye-strain; 9 per cent from swollen feet.

The conclusion I draw from the available facts relating to female dilution is that, however enticing war wages may have been, or however necessary, due to the increased cost of living, and disregarding sex-psychology, about which I know nothing, the generality of women will speedily discover that the money-wage is an altogether inadequate return for the physical strain and waste involved. Granting that there are many thousands of women who are physically equal to the effort and enjoy the financial independence, it is a reason-

able generalisation that women will finally only resort to industry (I am not considering the miscellaneous occupations) as a final resort to gain their livelihood. The attitude of the men in such cases will be, I apprehend, not proscription, but an insistence upon a standard of skill, with equal pay for equal work. Further, if women are to be permitted only to enter certain trades, to which they are physically equal, it is the logic of sex-equality that men should be medically graded also. But that carries us far afield.

There is an economic side to this particular problem calling for some comment. In my earlier chapters I considered the status of the consumer in relation (*a*) to the producer, and (*b*) to the State. I argued for the dominance of the producer and rejected the State as the special protector of the consumer. But the woman is *par excellence* the agent of the consumer ; she it is who disburses the larger proportion both of salaries and wages ; it is she who counts with care the pence and shillings, seeking, however unsuccessfully, the best bargains, the best quality for the price ; she it is who rations the home in foodstuffs, clothes, fuel and lighting. Broadly stated, the guidance and control of consumption is woman's function. That is only another way of saying that she is the essential element in the greatest of all the economic functions—home-building. We may dismiss with a shrug the early Victorian conception of " woman's sphere," of the monogamous harem, so dear to our pious grandparents, nor need we waste time and space upon the sentimentalisms that always crowd in upon this question. I know nothing about them and care less. But the business of home-building is the one vital consideration in every sane national economy. Let the family be composed how you will, with or without the sanction of the Church, be your moral code what it may, the fundamental fact remains that mankind produces wealth that it may live in comfort and with the amenities that flower out of

tradition and culture. Where we live, that is our home ; how we live is reflected in our home ; the standard of life is not measured in money but in home expenditure. The National Guildsman and the Socialist are both agreed that Capitalism disrupts and destroys the home. Let the moralist if he can lay down an ethical code for family life—he has never yet succeeded—whatever the code, the home remains the cardinal fact of civilised life. The active agent for the home is undoubtedly the woman. If we reflect, we see that probably not less than three-quarters of every income passes through the woman's purse—in sum-total not less than £2,000,000,000 annually. Now that is an economic fact of the first magnitude. If we measure it, not in terms of money, but of housing, food, clothing, heat and light, child-life and child-bearing, whatever the foundation of the home, woman's function is primarily to arrange and finance consumption. It has always been a working formula of mine, that even if women enter paid occupations, they should be directly related to consumption rather than to the more distinctively productive processes.

Viewed in the cold light of economic reason, it would therefore seem (*a*) that woman in productive industry is sternly limited, in her industrial capacity, by physical disabilities, whilst (*b*) by nature and in harmony with the social organisation, she is functionally adapted to motive and control the consumptive activities. But political economy, whilst of great value in pointing tendencies, is a bad master in practical detail. Thus, we might argue from the facts that it is economically desirable to exclude women from industrial production, but political principles might dictate another course of action. Having regard to the pre-eminent importance of home-building, a case could be made out for restricting women to the work that hinges upon it. Wisdom and experience, however, teach the value of liberty, applicable alike to man and woman. We shall solve this problem by reason and not by law ; by moral suasion and

not by proscription ; by the interplay of citizenship with the autonomous industries, gradually developing into National Guilds ; above all, by the ever-increasing consideration that the enfranchised workers attach to the home. Even under the wage-system it would repay the men twice over to pay the women their existing wages to desert the factory and workshop for the home or the occupations that radiate from the home.

We can now draw certain inferences from the facts of male and female dilution. One conclusion is of impressive and outstanding importance, practically swallowing up the others. It is this : the crafts and mysteries, associated in our minds with the various Trade Unions, as crafts are not monopolies, and as " mysteries " are an open book, no longer mysterious. We have seen one craft after another invaded and largely conquered by the war dilutees ; we have seen the mechanical genius of the country, under the relentless pressure of the war, evolving automata of amazing ingenuity ; we have seen middle-aged men and girls learning in a few months various mechanical operations, which, prior to 1914, were reserved for men who had spent years as apprentices. It is important to be precise : there remain uninvaded many operations which still require skill and experience, pivotal jobs upon which have depended the others calling for less skill and practically no experience. And skill is still skill, even if quickly developed under the stimulus of danger. Nevertheless, the glamour of the crafts has been largely dissipated in these last years. One could almost safely affirm that we could, at the present moment, dispense with three-quarters of our skilled workers and in a short time equal the present output. Unless, therefore, the craft unions seriously take stock of their industrial position, if they attempt any policy of exclusiveness, they are undoubtedly riding for a fall. The moral is surely so clear that he who runs may read. If Labour is to win through to a monopoly of labour, the foundation of National Guilds, it will not be by a reversion to pre-war

conditions, but by a large policy of inclusion, a realisation of the stupendous implications of the miracles accomplished, and, therefore, of the recognition and admission to the fold of every worker, man or woman. Unless this be done, and done quickly, amalgamation will come too late to accomplish solidarity, and we shall be plunged into fratricidal strife. Skill is still skill ; but it is now no protection in itself. That protection is found in the organisation of the workers as a class, in appropriate industrial groups ; but, first and last, based on a real and not an artificial monopoly of labour.

V. The Menace of Unemployment

The second danger confronting organised Labour is post-war unemployment — the tedious, exasperating, cumbrous return to civil life of millions of soldiers, a large proportion moved by new ideas, impatient of conventions, men who have cast out fear, no longer sheep easily sheared. As their unemployment insurances melt in the flux of time, we shall witness a fateful race between their methodical absorption into industry and the perils of acute discontent in men inured to death and destruction.[1] In the previous section we have seen that organised Labour must embrace the new army of dilutees ; the old army of soldiers is a problem demanding equal statecraft. The easy optimism springing from war's artificial prosperity, now feeding on grandiose schemes of reconstruction, can hardly be sustained when faced with the harsh reality of constant delays, and innumerable misfits in the process of demobilisation. If we grant the possibility of a spurt in production to restore the waste and losses of war, a reaction is inevitable, unless we pursue peace as we did war, by providing economic

[1] By April 1919 the number of men and women receiving unemployed donation benefits was returned at 1,200,000. By September of the same year the number fell to about 500,000. It must be remembered, however, that natural demand in the intervening months had been transformed into effective demand. It is premature for at least a decade to estimate the economic effects of the war.

instead of artificial credit, either as a nation or in industrial groups, with the consent and co-operation of Labour. That depends upon Labour's growing control of production ; but the control tends to diminish precisely as Labour disregards the meaning of dilution and the danger of unabsorbed labour.

In normal conditions, unemployment is labour in reserve, partly seasonal, partly casual ; the unemployment that now threatens us is entirely casual, consisting of men who for years have pursued the profession of arms and are now compelled to seek another trade. It, therefore, becomes a gigantic task of decasualisation.

The question naturally arises whether there is any principle which we may apply to the solution of unemployment. Broadly stated there are two. Since all are agreed that unemployment is no crime, it follows that the unemployed are entitled to maintenance. One school would throw the cost upon the community ; the other upon the industry. The first recognises the validity of the wage-system and therefore assumes that, if an employer has no market for the reserve labour commodity, he is under no obligation to maintain it. This granted, the logic of the situation throws the ultimate responsibility of maintaining the unemployed upon the community. To this school, unemployment is a visitation of God, a public calamity and a social responsibility. The second school denies the validity of the wage-system, contends that unemployment is an essential function in capitalist industry, and is therefore a capitalist liability. For, just as capitalists buy reserves of raw material, and since labour is to them a commodity in the same category as raw material, so ought they to maintain their labour reserves. The first school replies that, even if it admits the fundamental contention that the employers should maintain their own labour reserve, it is impracticable, because a large proportion of the unemployed is composed of casual labour and a further proportion is unemployable. The second school retorts

that it is our urgent business to decasualise all casual labour by attaching it, definitely and formally, to an industry. As for the unemployable, that is *hereditas damnosa* from the capitalist system, a social burden, to be treated as a disease. The problem is further complicated by Part II. of the Insurance Act, which, in the selected trades, practically divides responsibility between the employers, the trade unions, and the State.

We cannot, however, adopt either of these principles without taking into consideration the rôle played by the trade unions in regard to unemployment. For a century or more the main function of the trade unions has been to maintain the labour reserves. This was recognised long before the unions began to bargain with the employers for higher wages. But as the unions, in earlier days, were manned by the more highly-paid or "skilled" workmen, the social result of unemployment was that, in trade depressions, one class fell back upon their trade-organisations for support, whilst the other found itself unwillingly entangled in the Poor Law. It is well within the recollection of the middle-aged of to-day that not many years ago *bona fide* unemployed were automatically disfranchised, becoming "paupers" through the ordinary working of the Poor Law. But whatever the position, to-day or yesterday, the trade unions have become legally recognised as the natural protectors of the unemployed. It is not only because they are organised for that purpose—a good reason in itself—but because unemployment in a dozen ways has a vital bearing upon wage-rates and conditions. To remove the function of unemployed maintenance from the trade unions would be therefore to add to industrial embarrassments when the purpose should be to simplify them. In so far as the community supports unemployment through its own machinery, acting in a civic and not an industrial capacity, it runs counter to the scope and function of trade unionism, robs trade unionism of one of its most powerful appeals to its members, and

sets in motion definitely antisocial forces. Curiously enough, it is this civic solution that more generally appeals to trade-unionists. That is one of the anomalies created when the political tail wags the industrial dog.

Those of us who reject the commodity valuation of labour, whose analysis of the wage-system has led them to the conclusion that wage-abolition can only be accomplished through Labour's monopoly of labour, are clear that unemployment is an economic process which can only yield to an economic solution. This economic solution is found, not in civic action, but in the industrial processes, one of which is the operation of the labour reserve as a wage regulator or, on due occasion, as a market support. It logically follows (*a*) that the industry must maintain its own labour reserve, and (*b*) that the maintenance must come through the trade unions. There is another inference equally important : if the unemployed must claim maintenance upon an industry, they must be definitely affiliated to an industry, by service over a period of time and by formal registration. I know of no other way to effect decasualisation. Whatever training the State may give either the unemployed or unemployable, it remains true that they are industrial Ishmaelites until they join the fellowship of a trade or occupation. Once in the fold, their claim to support, subject to good conduct, is in principle equal to all the others, be they employers, the salariat, or their fellow-workers.

The demobilisation of the army is obviously a civic responsibility, because the soldier is a civil servant, set to a task that is national and not industrial. But the principle here stated clearly applies. So far as the State is the employer of the soldier, it is the duty of the State to maintain him until he is definitely transferred to industry. The soldier " belongs " to the army until he " belongs " to his industry.

When in 1912 and again in 1917[1] I argued that the

[1] *National Guilds*, p. 83 *et seq.* ; *Guild Principles in War and Peace*, p. 121 *et seq.*

cost of unemployment should fall upon the industry and not upon the community, I was not only motived by the historical fact that the trade unions had met *out of wages* the charges involved in unemployment, like a dog eating its own tail, but also by the Guild argument that every Guildsman must be entitled to maintenance in sickness, in old age, as well as in unemployment. These are obviously burdens to be properly borne by the future National Guilds, but burdens to be taken over from the developed industry and not from the State. It is the logic of the theory ; it is the logic of the facts. Little did I dream in 1912 that war would bring the principle into operation within five years. In 1917, even as I was writing and unknown to me, the Cotton Control Board was crystallising in action what I had argued in theory. The " Rota " system of unemployment, in the textile trades, did organised Labour but know it, constitutes one of the most valuable precedents created by the war. I propose, therefore, briefly to outline the story for future guidance.

The shortage of raw cotton due to the loss of shipping, coupled with the industrial unsettlement caused by the war, compelled the leaders of the cotton industry, both masters and men, to face the problem of unemployment from a new standpoint. The Cotton Control Board had to ration the mills and to license the percentage of spindles to be worked week by week. This percentage varied according to war requirements or to the quality of the cotton spun. Thus spindles were licensed up to 80 per cent, 55½ hours per week, if engaged entirely on Egyptian, Sea Island, or Surat cotton. If, however, it was American cotton or other growths, they must only work up to 50 per cent, at 40 hours per week. These variations naturally affected employment, spinners and weavers being " played off " as circumstances dictated. In former years, the unemployed would have taken benefits from their unions or " clemmed." Obviously, this was a new situation, which was met by an arrange-

ment under which the spinners and weavers took turns of unemployment in rotation. They were maintained during unemployment out of dues levied upon running spindles or looms, a fund of over £2,000,000 being raised in this way and distributed amongst the unemployed. In September 1917 the rates of unemployment pay amongst spinners were : adult men, 25s., adult women, 15s., young people, full time, 12s., young people, half time, 6s. The weaving rates were similar. In the regulations I observe that the term "young people" must be interpreted broadly : "The question of age must not be the sole determining factor, but the actual work and wages earned and family circumstances must be taken into consideration." In August 1918 the pay was increased from 25s. to 30s. and the others in proportion. In July 1918 the rotation system, contrary to the wishes of the unions, was withdrawn, but the unemployed payments were maintained to those "continuously played off." We need not enter into the reasons for the change from the rota to the continuously unemployed ; it does not affect the main point that the unemployed, owing to the Cotton Board's restrictions, were maintained by the industry.

Valuable though the adoption of the principle undoubtedly is, Labour would be justified in regarding it askance unless to the principle of trade-liability for unemployment were added the equally fundamental principle of Labour's control of labour. In discussing this problem, Mr. Cole wisely insisted that unemployed payments should be made through the trade unions. This is essential ; for, unless organised Labour becomes the medium of pay, it would leave the employers in control of a vital factor in the trade-union organisation. This was recognised by the Cotton Control Board, who directed that "payments both to unionists and non-unionists should be made wherever possible at trade-union offices. Where any employer is unaware of the existence of any local union, at which the workpeople

whom he is temporarily discharging can receive payment, he should communicate with the secretary of the nearest joint committee, employers' association, or trade union, and if it is found that there is no local union which can undertake the work, the Control Board are prepared to make special arrangements." Thus, however partial or restricted, we have in this great industrial experiment the recognition of two essential principles : (*a*) that the industry is properly liable for the maintenance of its own unemployed ; (*b*) that the administration of unemployed benefits is the function of the trade union.

The premature adoption of the principle, however, brings more than one danger in its train. Unless the trade unions are strong enough to maintain at least the former wage rates, it is certain that the employers would exploit the concession by bargaining for a wage reduction proportionate to the cost of unemployed maintenance. Some employers have already hinted as much. But I do not think the trade unions need be unduly nervous ; the textile unions have not been deterred from striking for an increase of 40 per cent merely because their unemployed have drawn £2,000,000 direct from the industry. A greater danger is the coming attempt to include the maintenance of the unemployed in a comprehensive agreement between Capital and Labour to humanise whilst still continuing the wage system. "A systematic application of the principle of security," writes one of our critics,[1] "would involve no revolutionary change in the organisation of industry. It would be, indeed, merely the carrying out in the spirit of the social contract implicit in the wages system. Until the wage earner has been given a position of economic security which nothing but his own fault can destroy, the wages system as a system has not been tried. For the basis of it surely is this : the employer takes the risks of industrial enterprise and the profits as reward, the workman is paid a regular wage without any share in

[1] *The Round Table*, December 1918, p. 161.

profits because he is not expected to share the risks." So that the " wages system may be tried," so that the employer may take the risks and the profits, so that quantitative production may restore to paper money its old purchasing power; in short, so that capitalism may yet flourish, Labour will be asked to protract the old system in return for " security." I do not know whether this " security " is to be at the expense of the State or the industry—probably the former—but it is evident that the capitalist leaders are feeling their way towards a new wage charter. They will ask Labour to accept it at the psychological moment when Labour is weakest, when its percentage of unemployment is highest, when it is distracted by financial stringency, deliberately contrived by the banking interests. Under such duress, the older Labour leaders, trained in the school of wagery, may plume themselves upon their bargain. But, as we have seen, there are younger men, the new shop-stewards and their congeners, who, in their turn, are feeling their way to a new security rooted in industrial control ; who are already suspicious of the " security " guaranteed by employers who take " risks."

IV

THE PROFITEER

A SIGNIFICANT change in the public mentality is seen in the sinister meaning now attached to the word "profiteer." When first coined, profiteer meant one who lives by profits ; that is an occupation dependent upon the continuation of the wage-system. In recent years profiteer has come to mean one who exacts profits that cannot be defended as equitable. It is assumed that reasonable profits remain equitable ; that he who is content with profits so small that they do not become an exorbitant charge upon the consumer is merely taking what is due to him ; that he is not a profiteer, which has become a term of reproach. The public conscience, with characteristic inconsistency, now condemns profits, not in principle but in degree. It says in effect : "You may levy profits, but not beyond a reasonable limit ; you must do it in such a way that attention is not too palpably drawn to your operations ; for Heaven's sake do not be found out."

The logic of this is that sneak thieving is defensible whilst highway robbery is a crime. It is a point we may leave to the social philosophers, who will doubtless draw nice distinctions between moderate and excessive drinking. At what stage is a man a drunkard ? At what stage a profiteer ?

The writer in the *Round Table*, quoted in my last chapter, is more logical than the public conscience. He is satisfied that the wage-system has not yet had a fair

trial ; that the wage-earner must have economic security ; that the social contract implicit in the wage-system confers upon the employer the profits as a reward for the risks. But so far as there are risks there must be insecurity ; if insecurity, then upon what fund can the wage-earner rely for economic security ? We are not informed why there should be risks, nor why it should be ordained that the employer should undertake them. If it be a public duty to accept risks, then let the industry, as a whole, accept responsibility. The truth of it is that the employer protects his position by large and untenable assertions as to the risks he runs ; these risks constitute his claim, for it is evident that, where there is no risk, the problem of credit is reduced to its simplest form, so easy of manipulation that organised Labour could carry on with ease and certainty. The employer wants the risks because he wants large profits ; his defence of large profits is rooted in the speculative nature of his undertaking. The risk, once reduced to practical zero, no longer serves as the employer's justification, who must then fall back upon the functional value of his own personal activities. Apart from the risks, which nobody asks him to accept, the employer's only possible function is as an organiser, as a directive element in production or distribution, as a technical expert. When we have reached this stage, payment by profits or by results becomes obviously inappropriate ; the employer joins the salariat. This is precisely what has happened under the joint-stock system. It is no longer the employer who takes the risks ; he has long since passed them on to his company of shareholders. The writer in the *Round Table* is a generation too late ; he does not mean the employer ; he means the capitalist. We have long since discovered that payment by profits is a clumsy and inequitable method of remuneration. Administratively considered, the profiteer has now no status. *Qua* profiteer he has no function ; he is an economic Ishmaelite.

We shall see this more clearly if we consider those

who live on profits in the distributive trades. In his formal capacity, the grocer or draper is a profiteer ; he looks to his profit for his living. Actually, however, his function is not to win profits but to distribute commodities. The prices of these commodities are estimated in such wise that he may secure a surplus of revenue over expenditure. This surplus is termed a profit ; in reality, it is a rough-and-ready means of remuneration. His customers pay him a percentage over cost for services rendered. No doubt, he takes the risk of loss on his trading ; but it is a measurable risk. The multiple shop has arrived to eliminate that risk. In the multiple shop, the trader is transformed into a servant and joins the salariat, just as the manufacturer becomes a servant to his joint-stock company. The function of distribution persists ; the risk is provided against ; the small trader ceases, in fact, to be a profiteer, and only justifies his existence by functioning as a competent agent of distribution. Even if he continue master of his business, he still remains the servant of his customers on the one hand, and of the wholesaler on the other hand. The number of his customers and the prices charged are the measure of the credit he obtains from the wholesaler. The shop, as a going concern, is generally only solvent by taking the stock into account. The grocer in his own person is a profiteer in form ; in reality he is a servant ; so much a servant that he cannot now guarantee the quality of his goods. He may say that he obtains them from Smith & Co., whose reputation for quality is unrivalled ; but if Smith & Co. decide to advertise at the expense of quality, our grocer is impotent. He is an inconsiderable but useful cog-wheel in the vast machinery of supply and demand. In the local sense, he is an employer ; in the larger sense, he is an employee, who would doubtless welcome any form of security. As often as not, he has taken trading risks to avoid the greater and more degrading risks inherent in wage-servitude.

The inference is that the individual profiteer is now

merged into an impersonal system of capitalism, which he must serve as faithfully as the small trader serves his creditors. He is entangled in a financial network from which he seldom escapes into comparative independence. It is this capitalism, as a system, that is now considerate enough to take the risks and kind enough to seize the profits. The financial situation created by the war is the immediate preoccupation of the leaders and thinkers of the system. The financial policy to be adopted, with the required degree of organised Labour's acquiescence, will indubitably colour and influence Western Civilisation for a generation or more. It is of the first importance, therefore, that the leaders of Labour should grasp the full significance of the capitalist proposals.

The re-adaptation of the industrial machine to civil purposes is obviously the first consideration. To that end, credit must be arranged on a large scale. But our credit is already pledged beyond reckoning to pay our war-debts. The question, therefore, is whether the old system of credit can stand the added strain of re-adaptation, or whether a new system must be evolved. But a more searching question must have priority. If finance and capital have, as they claim, been responsible for industrial policy in pre-war days, what have they to say for their stewardship? It is common ground that in 1914 capitalist policy had driven Labour into active and bitter opposition. There were strikes and rumours of strikes; Capital, in its forcible-feeble way, was threatening to abdicate; there was an atmosphere of disquiet and foreboding. That was bad enough; but how had finance and capital applied their powers? Had they put the forces at their disposal to the best economic use? In 1913, quoting from a preliminary report of the Census of Production, I wrote:

"There are probably fifteen million employees engaged in wealth production or wealth distribution. But we find from this table that less than seven millions are directly engaged in production. It will be necessary

to inquire how far Guild organisation can economise on distribution. If we put the cost of production at 100, it will be found that the ultimate cost to the consumer varies between 140 and 220." [1]

From the same source it was found that, even in production, the administrative personnel was excessive —foremen, clerks, and the like. Thus, in the building trade, there were 37,000 ; there were 14,000 in iron and steel factories ; in the shipbuilding yards, 9000 ; in the engineering shops, 39,000 ; clothing, 50,000 ; boots and shoes, 9000 ; printing and bookbinding, 16,000. Altogether, in the productive trades, there was an army of 220,000 overseers, foremen, and clerks. Thus, when finance and capital claim to be industrial leaders, we are entitled to examine their credentials with critical eyes. If to these facts we add wretched housing accommodation and a low standard of life amongst the mass of the population, we may remark that, in the past, finance and capital have little with which to plume themselves. Accordingly, it is but prudent to receive their proposals with considerable caution.

" Finance," says Dr. Ellis T. Powell, " is collated human experience, applied to the aggregation of capital and its scientific diffusion and distribution in such a manner as to produce the maximum result with the minimum of risk. Finance and capital are two distinct things. Capital is the blood, finance the brain. Capital is the mechanic, finance the craftsman." [2]

After such a pronouncement, I naturally look with anxiety to what Finance, in its rôle of brains, has to say about our present difficulties. The Committee on Currency and Foreign Exchanges, being composed of finance *pur sang*, under the Chairmanship of Lord Cunliffe, Governor of the Bank of England, has issued its report, from which I gather that " it will be clear

[1] *National Guilds*, p. 127 : " A Survey of the Material Factors."

[2] *The Financial Review of Reviews*, December 1918 : " Future of International Finance," by Ellis T. Powell, LL.B., D.Sc.

that the conditions necessary to the maintenance of an effective gold standard in this country no longer exist, and it is imperative that they should be restored without delay. . . . The uncertainty of the monetary situation will handicap our industry, our position as an international financial centre will suffer, and our general commercial status in the eyes of the world will be lowered." These guardians of gold billets are clearly of opinion that there's nothing like leather. Nor do they tell us—an oversight, no doubt—what creditors stand to gain by reverting to dear pounds. But they are not alone in wishing to return to the gold standard. The Committee on the Provision of Financial Facilities after the War, presided over by Sir R. Vassar-Smith, who is not unconnected, I think, with a great banking institution, also reports :

" It is essential for the reconstitution of industry and commerce to impose restrictions as soon as possible upon the creation of additional credit by the restoration of an effective gold standard. The Committee accordingly recommend the cessation of State-borrowing as early as possible, all available money being required for the financing of commerce and industry."

In plain terms, the State must not borrow for re-adaptation, however urgent ; that must be left to the banks, with their dominant gold standard. I begin to wonder whether this yellow metal is some strange talisman whose touch kills poverty as the King's hand scurvy. Some property in it escapes my search with tantalising iteration. Restore the gold standard, and, hey presto ! commerce and industry thrive ; let mere State credit continue, then " our general commercial status, in the eyes of the world, will be lowered." It is a solemn thought. Distracted with doubts and fears, I return to Dr. Ellis Powell, who, as editor of the *Financial News*, and author of *The Evolution of the Money Market*, should know a thing or two. Can it be possible that Finance, the brains, the craftsman, " the

King-power, the supreme vitalising force of the future" speaks with two voices? Says Dr. Powell: "Even now the interim report of Lord Cunliffe's committee speaks of the re-establishment of the gold standard, though the proposition is almost as fatuous as a suggested restoration of the Heptarchy. . . . Even now we are not awake to the deadly fact that a regenerated world cannot measure its multitudinous transactions in a commodity which is subject to incessant and catastrophic variations in value. Half our social troubles for three centuries, and practically all our industrial unrest for forty years, have been the direct result of a 'standard' consisting of a fluctuating commodity, existent only in a limited quantity. We cannot allow this malaise to exert, over the arena of international business and social relations, the same disturbing and mischievous influence which it has exercised here."

One welcomes such a declaration from so distinguished a writer; but has he not destroyed his own thesis? How can he reconcile his statement that finance is "collated human experience," and the rest, when the financial leaders emphatically demand something that Dr Powell contemptuously dismisses as "fatuous," and elsewhere as a "fetish"? I am afraid the plain man will conclude that, however golden its heart, the financial Colossus has feet of clay. As for the alleged "brains" . . .

The war has but brought nearer its culmination a movement, or, rather, a tendency, to establish function as a definite and dominant factor in our social and economic life. It is in function that rights will be established; it is around function—the philosophic "thing" of Señor de Maeztu and the "value" of Mr. Robieson—that men and women will cluster, claiming that, if they truly function, the world is theirs. Lombard Street will soon discover that it cannot measure these functions and their "multitudinous transactions" with its ridiculous gold yard-stick. Lord Cunliffe and

Sir R. Vassar-Smith may jingle their gold coins on their bank counters, or, with due ceremony, visit their bank vaults to count the glittering contents. The world has swept past such ju-ju worship : is rapidly discovering other methods of estimating service, notably this : that credit operations will be " based upon wealth, as a whole, upon wealth in the real sense of the word—the means of welfare—and not upon a metal which possesses unique properties capable of utilisation in the world of art, but is only a begetter of economic upheaval and tragedy in the world of business."

In a society where function is undeveloped or indeterminate, it may well be that the money-changers perform a service of some social value ; but as the community progresses towards effective organisation, function becomes defined, whilst wise organisation gives it elbow-room and provides for its necessities. The " risks," such as they are, are diffused through the community in general and the organised industries in particular. It is obvious that a great industry, every member of which is at his allotted post, will never submit to an external agency, such as finance, in the guidance and valuation of its activities and products. The attempts now being made by Lombard Street to recover the disappearing gold standard would prove an expiring effort if organised Labour knew its business and understood the true inwardness of credit. The danger confronting us to-day is that Labour, drugged with politics, may ignorantly acquiesce in a reversion to financial methods which could easily be rendered obsolete. It is the simple truth that a return to the 1914 gold standard would be a catastrophe. A catastrophe not unwelcome to those who seek economic revolution by catastrophic means.

Is it, we may ask, something more than a coincidence that we to-day witness two concurrent movements, the one rejecting the commodity valuation of labour, the other rejecting a commodity currency stan-

dard ? Both have something in common ; both are striving to be released from the fetters of inanimate measurement ; both aim at the enlargement of human liberty ; both find themselves faced with a common enemy. Beyond that the resemblance vanishes. The individual profiteer wants credit that he may survive as a profiteer ; the National Guildsman desires him to merge into the ranks of the salariat, not only for his own good, but that National Guilds may be the sooner established. But we have seen that the individual profiteer, *qua* profiteer, is already a misnomer : exists only by virtue of his function in production or distribution : lives at the beck and call of capitalism : has no future as a profiteer : must mount the functional chariot or be crushed under its wheels. The problem, therefore, of the profiteer can only be solved by the solution of credit, because he lives on and by credit. A fundamental change in our methods of credit, particularly if it take the form of group credit, obtained by conscious group responsibility, effectually disposes of the profiteer, so far as his own person is concerned, and equally effectually destroys the foundation of the capitalist system. When great industrial groups are strong enough and wise enough to organise their own credit, by lending or borrowing their own products, or their equivalents, Finance will pipe to Labour in vain.

How far we are from that stage in economic development I do not pretend to know. But we may find the Achilles heel of finance in the definition of finance already quoted, " collated human experience." Finance cannot claim to have collated human experience until it has called Labour into council. That is precisely what it shrinks from, contending that finance is no business of Labour's. When Labour decides that credit is most emphatically its business, Finance may proceed " to collate " further " human experience." The collation will be a discovery ; the discovery will be its death.

V

THE EQUITIES OF EXPROPRIATION

I. Social *versus* Commercial Values

If the tendencies described in the preceding chapters mark a definite movement in industry, it is evident that we are approaching a clash between the opposing interests of Labour and Capital. A time must come when Labour will either retire hurt or be compelled to declare the principle upon which compensation shall be paid to existing owners. The actual transfer of capital will, of course, be arranged by the State, which, on the Guild hypothesis, will act as trustee ; but obviously the Guilds will not consent to operate plant, machinery and the assets generally, if they are to be burdened with undue debt.

Amongst the many economic effects of the rejection of the labour commodity theory, two notable and relevant changes emerge. The first is the transformation of the existing commercial system ; the second, the destruction of every financial valuation based on the control of the labour commodity. It follows that, in any settlement with the possessing classes, the principle of compensation must be based on intrinsic or social value, and not, as to-day, on commercial or financial value. Our problem is not to ascertain the capital value of some factory or business by its average profits over a period of years, and then to estimate its purchase price at, say, twenty years' purchase, based

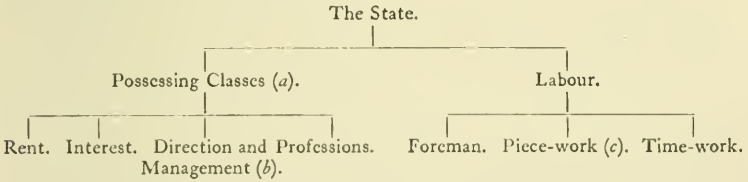
on five per cent interest, but to ascertain the cost of the material in the labour units of the new industry, plus whatever compassionate allowance public policy may dictate. For it is obvious that Guild principles cannot assent to any valuation based on profits, which are, *ex hypothesi*, eliminated ; nor on interest, which, also *ex hypothesi*, disappears with the commodity theory. If the capitalists claim from the Community or the Guilds compensation in terms of profits or interest, the only possible answer is that they are claiming for something that has ceased to exist. And the fact that it ended with the old system is *a priori* proof that it possesses no intrinsic value ; that it was nothing more than a financial convention based upon the permanent hypothesis of wagery. Intrinsic value survives social and even industrial change. The fancy price paid for diamonds or bric-a-brac is an artificial convention, symptomatic of the existing class system and disappearing with that system ; the price paid for food or clothes approximates to intrinsic value, which can be ascertained by squeezing out the commercial—or profit—price, just as financiers, from time to time, squeeze their watered capital. *En passant*, it is worth remembering that, if it be legitimate to squeeze out superfluous capital, it is at least equally reasonable, infinitely more moral, to squeeze the profiteer, whose reputation is now blasted beyond repair.

II. A Chart of Classes and Functions

It is more than an assumption, it is a certainty, that the rejection of the commodity theory, bearing in its train the alternative principle of partnership (whether with Capital or the State), must inevitably leave the existing interests *bouleversés*, for the new class relationships thereby created involve other conceptions of property, and varying and different claims upon economic and social power. All industrial pro-

posals based upon the existing wage-system, those outlined, for example, in the Whitley Report, do not fundamentally change economic relationships, but merely adumbrate a further accommodation between the possessing classes and Labour. No revolution of any kind is involved. It cannot be repeated too often or too emphatically that there can be no revolution within the ambit of the present industrial system. It therefore follows that compensation can be easily calculated for such disturbance and displacement as the capitalist leaders may deem necessary to ensure the continuance of the system. That is why all Fabian reform meets with such ready acquiescence from the more enlightened capitalists. But the moment we transform Labour from purchaser to partnership we fundamentally change the whole social fabric and begin a new economic career motived by a new conception of life-function.

To understand real value in function and material, it is wise to chart the economic classes as they are to-day. This diagram may help us :—



(*a*) Depending upon the Possessing Classes are the luxury trades. We do not as a general rule realise what a large part they play in our economy. Some idea may be gleaned by the fact that prior to the war one West End firm had 26,000 open accounts, not only in the West End, but also amongst the rich in the Provinces.

Less legitimate, I believe that there are several betting establishments with equally large clienteles. Commercial undertakings such as these, not forgetting the Stock Exchange, stand or fall with their patrons' prosperity, and, accordingly, have no claim to compensation. Broadly stated, their value is commercial and not social. Economically considered, they are largely but not entirely parasitic.

(*b*) The small trader comes under this head. He may be properly considered as a distributive manager financed by the banks or by wholesale houses.

(*c*) The distinction between time-work and piece-work is arbitrary. Piece-work is based upon the standard wage, which is finally calculated in terms of time. The idea prevails that to pay piece-work is in some degree to modify the commodity theory. It is, of course, a delusion. The final test of the commodity theory is whether Labour retains any share or interest or control in the thing produced : whether by piece or time, labour is bought to the exclusion of any such share.

Assuming the fundamental reconstruction, and assuming further equitable compensation for real value, we have to enquire generally into the social value of the assets, skill and experience of the four main divisions of the Possessing Classes.

III. Consideration or Compensation

The logic of wage-abolition, involving as it does the elimination of rent and interest, leads inevitably to a new definition of compensation. At present the word connotes a payment in capital values—Government or Municipal securities or what not—for land or machinery legally acquired or voluntarily surrendered. But when rent and interest disappear, it becomes evident that the present meaning of " compensation " shades off into something more nearly approaching " consideration." If, for example, under the present system, we nationalised the railways, the shareholders would expect in return Government Consols nicely calculated to yield them the same income, *for ever*, as they now receive from the rolling stock and permanent way energised by the labour commodity. That is to say, they would claim compensation on a commercial basis. And so far as I know, every State Socialist would give it with both hands. But a blackleg-proof Labour, achieving partnership through its labour monopoly, destroys commercial value and, in consequence, renders valueless the nominal value of the railway shares. To pay commercial compensation in such circumstances would rob the labour monopoly painfully won of its economic conquest. But it does not follow that the shareholders would not be fairly entitled to some consideration, as distinct from compensation, for such real value as the Transit Guild acquired from them. The essential point to be noted is that labour must not be compelled to compensate somebody else for the value of the labour monopoly it has legitimately secured for itself. In other

words, the commercial value of the control of labour, now implied in every commercial balance-sheet, and based on the commodity theory, can no longer be reckoned as an asset. I think that it would be accurate to say that this control of labour is explicit rather than implicit. The balance-sheet is drawn on an agreed understanding that the business is a going concern. But how can it "go," as a commercial enterprise, unless it can buy the labour commodity at the current price? Further, it is only to the extent that the business can be dovetailed into the triumphant Guild that it has any real value, to say nothing of commercial value, for which consideration could be claimed.

In this connection, we may profitably remember that the balance-sheets of well-established concerns disclose large reserves and sinking funds, earned by Labour but annexed by capital, expressly allocated to amortise debenture charges and to safeguard against capital depreciation. These funds, now in the sum total a stupendous amount, are in equity compensation to shareholders already paid by Labour. No Board of Directors would dream of raising wages without first providing for these special funds. The priority given them is clearly at the expense of Labour. Yet another factor in the balance-sheet must be remembered. Stupendous as are the reserve funds, they are not equal to the amount of profit yielded by Labour in maintaining the labour reserve (the unemployed) during the past century. If we suppose that every balance-sheet of every private and public concern had debited themselves with the maintenance of every unemployed worker engaged by them in normal and prosperous times, and kept in reserve in days of depression, during the last hundred years, we can but dimly realise the overwhelming retrospective debt owing by manufacturers and traders in part to the Unions and in part to the Community. It is, of course, an admitted historic fact that it is the Unions, broadly in the case of the

skilled worker, and the Community, in the case of the unskilled, who have maintained the labour reserve to the profit and protection of the industrialists. Whilst any actuarial calculation in this regard is out of the question, there is no reason why it should not be taken into account in the final adjustment of Capital's claim and Labour's counter-claim.

Whilst Guild principles, in logic and equity, reject all compensation as now understood, and aim only at fair consideration for real value received, it will be found in the long run to be infinitely more considerate than the State Socialist solution. The Fabian proposal is to pay compensation on present commercial principles, and then to recover the amount by imposing an ever-increasing and mercilessly graduated income-tax. Apart from the practical consideration that this income-tax can almost indefinitely be shifted upon the shoulder of Labour, the proposal is damned because it is inherently dishonest. State credit, both moral and financial, is assuredly an asset of a high order ; but what shall be said of a Bureaucracy that gives with one hand and grabs back with the other ? Such cynicism destroys the confidence that every citizen should have in his own Government and people. The true rôle of the State is to see that the recipient of good consideration for real value shall be protected in his property. Cat-and-mouse finance may be appropriate to Lombard Street ; it is out of place in serious affairs. In any event, income-tax, however graduated, disappears when the Guilds undertake, as Guilds, to feed the national exchequer.

IV. Real Value

Our next task is to apply the principle of consideration, as distinct from legal compensation, to the present possessors of real value. Of the four classes shown in our chart, the first comment that springs to the surface is that there is a fundamental difference between rent

and interest, on the one hand, and management and the professions, on the other hand. For whilst rent and interest rely upon the legal possession of dead property for consideration, the other two rely upon the social value of their functions. It cannot be seriously argued that in our social economy material is more valuable than function—material is valueless unless a thousand human functions are applied to it—yet so anomalous are the principles of legal compensation that the owners of dead assets claim and receive far more than do the workers of every grade, whose only asset is their skill and experience. It is evident that Guild principles would rectify such topsy-turvy valuation. At this point, we hit upon a curious reversal of the commodity theory. Capital insists upon regarding itself as a function and labour as a commodity ; we discover on analysis that it is capital that is the commodity and labour that is the function. It would not, therefore, be inequitable, according to present moral canons, to put upon capital the precise commodity valuation that capital has hitherto placed upon labour.

The problem that confronts us is not how to disregard legal and established rights in property—ours is an economic and not primarily a legal revolution—but rather how fairly to assess every claim upon the community arising out of economic change. Such claims must be considered mainly upon real as distinguished from capital value, and partly upon natural justice and public policy. There is some substance in the cry of the widow and orphan for consideration, but I have observed that the appeal has always been for the widows and orphans of the displaced or impoverished propertied classes. I have not yet discovered why the same tenderness should not be shown to the widows and orphans of every social grade and class. Social responsibility is precisely the same in regard to all of them. I parenthetically mention these hapless dependants because they are invariably quoted

as symbols of unmerited suffering caused by some social upheaval for which they are not responsible. It is evident that they possess no real value for our assessment ; it is equally evident that natural justice and social equity necessitate their care and nurture. I will add that there is no sanction for the assumption that the demand for justice for Labour precludes the sympathetic understanding of hardship wherever it may be found.

The real value inhering in material—buildings, machinery, railways, ships, or what not—is precisely what the Labour monopoly—the Guild—sets upon it as a saving of time and effort in lieu of creating its substitute. What Labour has made, it can make again. Let us suppose a bargain between the owner or owners of a factory and a Guild. The Guild says to the owner, "We want your factory." The owner replies that his profits on the factory average £5000 a year. At 5 per cent this represents a capital value of £100,000. The Guild replies : "We know nothing of capital value—that went with the wage-system—your factory is worth to us exactly what we should lose in time and labour in constructing a similar factory. In terms of money that would be £15,000. But we will not pay you in money. We will make you a yearly allowance over a term of years, or a pension. That is all it is worth to us ; our decision is final ; let us know your decision by this day week." The assessment of land is not so easy, because you cannot create a substitute for land. That is, of course, the fundamental distinction between rent and interest. But inasmuch as rent depends solely upon its power of exaction, always rising and falling in obedience to this law, neither sales nor profits being involved so far as the landlord is concerned, the Guild will not find it difficult to reach a land value in the same ratio to real value as the factory value is to capital value. Thus, under capitalism, if the factory owner gets £15,000 on a capital value of

£100,000, and assuming the land to be valued at £15,000, the landlord would receive from the Guild the equivalent of about £2500, payable in the form of a pension. The difference between £15,000 and £100,000, in the case of the capitalist, and of £2500 and £15,000 in the case of the landlord, represents the capital value of the existing control of the labour commodity, plus whatever credit is built upon it. In this way would enlightened Labour squeeze out artificial value.

V. Material and Function

The difference between material and function is that material permanently awaits the application of labour, whilst function must be a continuing process. It is for this reason that bricks and mortar are deemed to be a safe investment, independent of death and many vicissitudes (though not of all, war, earthquakes, decay of the community, for example), whilst function depends upon life and health. We reach, in consequence, a striking result, which is surely a deadly criticism of current commercial economy. A doctor is presumably a more valuable member of the community than a money-lender. Yet the money-lender, saving £2000, invests in a house which yields him an income of £200 and is unaffected by death ; the doctor spends £2000 upon his training and the building up of his practice, then dies suddenly, and his capital is dissipated and irrecoverable by his heirs. The difference marks the social valuation set upon the house and the function of healing. But as we move towards a saner way of life, it grows more evident that healing is a more valuable factor than house-owning. Indeed, preventive medicine, one of our most necessary functions, as things are to-day, spends itself in improving house-property, without creating its own capital value. After ten years, a doctor, in selling his practice, is lucky to get two years' purchase.

Thus we see that function is not susceptible of capital valuation. The professional classes, more or less conscious of this, have formed professional associations, which, whilst nominally aiming at the improvement of their technique, are really combinations to secure and increase their incomes. In a commercial age, we cannot blame them if they succumb to commercial influences. I doubt whether these associations do not, on the whole, tend to atrophy whatever genius may be distributed amongst them. There were great doctors before the Medical Association was heard of, there were great architects, or at least great architecture, in the days of Nineveh, Antioch, Athens and Cordova. The Pyramids were erected before civil engineering became a profession, and I am not personally convinced that modern cathedrals compare in beauty or workmanship with Canterbury Cathedral or York Minster. So far as skill and technique are concerned, I suspect there is as much of it in the deep sea of British craftsmanship as can be found on the dry land of the professional associations. Nor do I forget that the vast bulk of professional work, medicine perhaps excepted, is devoted to the interests and amenities of the possessing classes.

When, therefore, we are asked how the professional classes will fare under a Guild administration, we must reply that function grows increasingly valuable, but that the consideration they will receive will be based upon the intrinsic value of their services and not upon the commercial value they now demand through their commercialised associations. The less these associations concern themselves with class interests and the more they devote themselves to the technique, skill, efficiency and social value of their members, the better will it be for all concerned when all commercial values go the way of the wage-system.

. . . . . .

In this necessarily inadequate survey of a new

principle of social consideration in contrast with legal and commercial valuation, it becomes clear, I think, that the rejection of the labour commodity theory adds a new and germinating content to the classical economy.

VI

THE CIVIL GUILDS

THE CIVIL SERVICE

I. The Service and the State

In the foregoing chapters on Transition, I have dealt with the organisation of production, having previously considered the relation of the producer to the consumer. It is an integral part of my argument that production and consumption, being economic processes, fall within the ambit of Guild activities ; that, accordingly, the Guild organisation must embrace and provide for every stage of manufacture and distribution from the raw material to the consumer's door ; that all these functions must be prescribed in the Guild charters, and that so long as the Guilds act in the spirit and letter of their charters, but subject to developments that involve public policy, the Guilds may pursue their work without State intervention, although, of course, with State representation upon the governing bodies of the Guilds. This representation is based upon the hypothesis that the State is trustee and owner of the material assets. It cannot be too often repeated that the only monopoly possessed by the Guilds is the monopoly of their own labour. Every asset from the machinery to the looking-glass in the typists' room must in principle be vested in the State.

The withdrawal from the State of the economic functions, coupled with the fact that State policy and

administration is an affair of citizenship, implies that the State has a non-economic rôle to play, none the less, but rather the more, important because it is almost exclusively concerned with the spirit, with conduct, with the finer shades and attributes of social life. It must, therefore, be guided by the moral and spiritual needs of the community, internally and in its external relations. Thus, education, so far as the humanities are affected, is obviously a vitally important State responsibility. Equally, the public health of the community, both preventive and curative, falls under the jurisdiction of the State. Since law is founded in conduct, in the rights and relations of individuals and groups, each to the other, it follows that law, in inception and application, becomes a State function. Nor can the State, no longer trammelled by economic "pulls," afford to disregard a perverted Press, a potent instrument not only of information, but of education. All these activities may be said to be spiritual, in the true sense of the word ; hence my reason for contrasting the spiritual State with the economic formation of the Guilds, culminating in power and authority in the Guild Congress. The logic of this is plainly that Citizenship means the pursuit of the spiritual, whilst Guildsmanship is the application of social principles to the material. The measure of our civilisation will be found in this : that on all the finer issues of life, conduct and faith, the Citizen dominates the heart and the imagination of the Guildsman, subduing his selfish or sectional desires to the enduring truths sought out and tested by the spiritually minded. It is my belief that this can only be attained by an enfranchised democracy. He who becomes a democrat to grasp power is a recreant ; the essence of Democracy is that power shall be distributed amongst all men, that they may live richly in the full light of truth, discovery, the arts and graces. In other words, the conquest of nature by Democracy is a material means to a spiritual end.

The chief administrative arm of the State is the Civil Service, whose business it is to give effect to the mandate of the citizens expressed through Parliament. Associated with the Civil Service, but perhaps motived differently, are the Medical, Educational, and Legal Guilds. These are sometimes described by Guildsmen as the " Spending Guilds." In truth, however, the term is not happy. After all, a doctor, where health is concerned, is a productive agent ; a teacher, where education is concerned, is a productive agent. They have each acquired a certain skill for which there is effective demand and of a social value no more easily valued than labour quit of its commodity basis. For that matter, the Distributive Guild would be purely a spending Guild. The real distinction between the Civil and Productive Guilds is found in function and in their different relations to the State organisation.

If we keep steadily in view the basic fact of Guild organisation, namely, the monopoly of labour, whether intellectual or manual, it will not be difficult to arrive at an understanding of the rights and driving force of the Civil Guilds. Certain distinctions between these Guilds at once suggest themselves. Thus, the Medical and Legal demand a training not required in the Civil Service proper. Again, the training in the Educational Guild is peculiar to itself. On the other hand, the Civil Service not only demands a long training in social problems, but exercises unique power by reason of its direct attachment to the State. The difficulties and dangers inherent in any bureaucracy, however wisely governed and sympathetically administered, cannot be ignored. This is certain : the Civil Service must take on the colour of the Government, which in its turn depends upon the State, acting through the medium of Parliament. But this said only half is said. If I left it there, there would be an assumption that the Civil Service must be essentially servile in its relations with State and Government. Public policy must be obeyed ; that is funda-

mental to the present or any future Constitution; but the rights and liberties of the Civil Service are not founded in subservience; they can only be finally asserted in function, in the faithful discharge of duties. These functions inhere in the nature and quality of the work assigned, which confers, at one and the same time, responsibility and liberty. The Civil Servant who does his work to the satisfaction of his group or department, who acts in the spirit and letter of his contract with the State, is entitled to the complete rights of citizenship, precisely as though he were a miner or engineer. The day has gone for ever when admission to the Civil Service differentiates the Civil Servant from his fellows, as though he belonged to a privileged corporation, paying for the privilege by the sacrifice of his political rights. The segregation of the Civil Service is a first step to the Pretorian Guards and cannot be tolerated. Democratic safety proscribes privileges, social or financial, to the Civil Servant or to any class. In pay, leave, pension, or social consideration, he has no higher claim than his fellow-workers.

With certain important reservations to which I shall refer, we may take the recent Report of the Machinery of Government Committee[1] as the basis of our approach to the Civil Guilds in general and the Civil Service in particular. The review in this Report of the constitutional position is sound within the limits assigned to it by the terms of reference. But, as I shall show later, it takes no cognisance of the human factor, of the voluntary associations and Trade Unions within the Civil Service: treats the personnel as pliable tools, ready to respond to any and every behest made either by the State or the hierarchy: is apparently unconscious of any movement or tendency towards democratic control. When we come to consider the claims of the Civil Servants, we shall see how grave an omission this is. Nevertheless

[1] Cd. 9230. Price 6d. This Report was signed December 14, 1918, and issued in January 1919.

the Committee has proceeded on sound lines. "Upon what principle are the functions of Departments to be determined and allocated?" asks the Committee. They answer: "There appear to be two alternatives, which may be briefly described as distribution according to the persons or classes to be dealt with, and distribution according to the services to be performed. Under the former method, each Minister who presides over a Department would be responsible to Parliament for those activities of the Government which affect the sectional interests of particular classes of persons, and there might be, for example, a Ministry for Paupers, a Ministry for Children, a Ministry for Insured Persons, or a Ministry for the Unemployed. Now the inevitable outcome of this method of organisation is a tendency to Lilliputian administration. It is impossible that the specialised service which each Department has to render to the Community can be of as high a standard when its work is, at the same time, limited to a particular class of persons and extended to every variety of provision for them, as when the Department concentrates itself on the provision of one particular Service only, by whomsoever required, and looks beyond the interests of comparatively small classes. The other method, and the one which we recommend for adoption, is that of defining the field of activity in the case of each Department according to the particular service which it renders to the community as a whole. . . . We think that much would be gained if the distribution of departmental duties were guided by a general principle, and we have come to the conclusion that distribution according to the nature of the service to be rendered to the community as a whole is the principle which is likely to lead to the minimum amount of confusion and overlapping."

I do not know whether the Committee were guided to this conclusion by the writings of Señor de Maeztu. Here, at all events, reached on empirical grounds, is the acceptance of the principle of "the primacy of

things," a declaration of the functional principle, a confession of faith in social values having precedence over personal interests. Nor will any Guildsman fail to note that this is the Guild principle that workers of every degree shall subordinate themselves to the primary purpose of the organisation. Concurrently, however, we must consider the human beings who constitute the organisation and prove beyond cavil that liberty, far from being restricted, finds wider scope in a society where duty faithfully done confers life and confers it abundantly.

On the functional principle, we can now see the whole range of activities of the Civil Guilds. The Committee suggests the following : (i.) Finance, (ii.) and (iii.) National Defence and External Affairs, (iv.) Research and Information, (v.) Production (including Agriculture, Forestry, Fisheries, Transport, and Commerce), (vi.) Employment, (vii.) Supplies, (viii.) Education, (ix.) Health, (x.) Justice. Much of this, from the Guild standpoint, is transitory. Thus " Production " would be the business of the appropriate Guilds, whilst Employment, on the Guild hypothesis, is a purely Guild affair. The proposed Department of Supplies is the obvious sequel to the Ministry of Munitions. Its purpose, as proposed, is (*a*) to eliminate competition between Departments for labour, material, and services ; (*b*) to ensure that the prices paid and the conditions imposed under Government contracts for various classes of work should, so far as possible, be arranged upon uniform lines ; and (*c*) to secure economies in the use of technical staffs, such as contracting, accounting, costing, and inspecting sections. Obviously, nine-tenths of the work here adumbrated would be absorbed by the Guilds. So far as " Research and Information " is technical, it would be superfluous under a Guild system ; so far as it is social and political, it might prove valuable when we come to consider the Press ; so far as its Research is confined to pure science, its value would be incalculable. But that presupposes a clear connection with the Universities.

So much for function : the thing to be done is *the* thing ; man must do it at his peril ; it is imperative. Thus, by the sweat of his brow does man win his bread, and, in consequence, win also the rights, liberties, and amenities that accrue in an enfranchised society. We must be careful, however, not to tear function into social fragments ; the distribution of personnel is a problem in itself and may be solved irrespective of function. For example, whilst it is obviously sound both in principle and policy to adopt the functional principle, it by no means follows that there must be as many Guilds as there are functions. If we accept the division of functions laid down in this Report, we are not, therefore, compelled to divide the personnel into as many Civil Guilds. There are many functions, some barely related, in the productive Guilds. One engineer may make locomotives, another automatic machines, another motors ; yet they all properly belong to the Engineering Guild. In like manner, our Civil Service, by appropriate subdivision, may administer finance, home and foreign affairs, research and information, and, on behalf of the State, have its representatives on the Education, Medical, and Legal Guilds, as also on the Productive Guilds. We are accordingly thrown back upon the necessity of definition. What, then, is a Civil Servant ? I think he is one employed directly by the State to transact State business. Unless, therefore, he has a special technical affiliation—doctor, teacher, lawyer, civil engineer—and if he is definitely employed by the State, he may be correctly defined as a Civil Servant and be eligible as a Civil Guildsman. The distinction between him and, say, a doctor lies in this : the doctor must pay allegiance to his profession, which, in its turn, negotiates as a unit with the State, whilst the Civil Servant has no such divided allegiance, save in so far as his Guild protects him in the conditions of his employment. The distinction, if subtle, is vital. The Civil Service cannot, in the nature of things, exercise

absolute control ; the Medical Guild, once organised, can control medical policy and practice within the terms of its charter. The same can also be said of the Education Guild. In the case of the Civil Service, the State adopts it as its daily medium, acting through its departments at first hand ; in the case of the professional Civil Guilds, the State defines its policy and terms in their charters. The practical difference would, therefore, seem to be that the charter of the Civil Service Guild, whilst giving protection as to terms of employment, must necessarily ensure pliability of service and provide for unforeseen contingencies ; the State must have direct contact with its own executive officers, who, in addition to routine duties, are always faced with the unexpected. On the other hand, the professional Guilds can plot out their work in advance and meet the State, through its Government, in a corporate and not an individual capacity.

We can arrive at no clear understanding of the rights and duties of the Civil Service until we apprehend the rôle of the Treasury in administration. That raises constitutional and practical problems, significant and decisive in the future governance of Great Britain.

II. The Treasury

"The Department of Finance," says the Committee on the Machinery of Government, "must necessarily have an exceptional position among all the State Departments." The cashier in a counting-house is doubtless in an exceptional position in that he disburses and accounts for money ; but it is only in the Civil Service that the Finance Department, generally known as the Treasury, occupies an exceptional position coupled with an overriding authority. The reason is not far to seek. Parliament votes money and the Treasury sees that it is expended in accordance with Parliament's intentions. To that there can be no reasonable objection ; it is

plainly the democratic safeguard against both autocracy and bureaucracy. The power of the purse is one of the greatest of Parliamentary assets. It has been a political issue since the days of Pym and Hampden; it is woven into our history. If that were all, there would be nothing more to add. But upon this foundation has been erected a system as harsh and oppressive as the autocracy it was designed to control. To assert that the Treasury ensures the expenditure of public moneys strictly in accordance with the vote is to tell barely one-half the story. Our Committee remarks that "the service which it has to perform—that of supervising and controlling all the operations of Government in so far as they affect the financial position—involves not only the direct administration of taxation and other branches of revenue, but also the control of all forms of expenditure, including the incurring of obligations or liability to expenditure." The crux is in the word "control." The most captious critic will recognise the necessity of "supervision," plainly a Parliamentary mandate to the Treasury; it is equally clear that no Department, in any conceivable circumstance, must be allowed to incur liabilities beyond the purview of the sum voted; but by what sanction is control added to supervision?

I imagine it is rooted in the fact that policy rests with the Prime Minister, who is almost invariably First Lord of the Treasury. With the Chancellor of the Exchequer, this enables him to mould the work of the Civil Service to public policy, or to subserve his political purposes. That the Civil Service must move in an atmosphere of public policy is axiomatic; it is disputable whether it should, even by a wink, give aid or comfort to the Prime Minister's political ambitions. It is, of course, extraordinarily difficult to distinguish between public and political policy, passing the wit of any tribunal to decide. Nor is the point of great consequence: what really matters is that the Treasury must not be permitted to

exploit its financial power by imposing upon the whole administrative body its own particular interpretation of public policy. Such interpretation must clearly rest with a much more representative body of Civil Servants. It is precisely here that we encounter the problems of democratic and functional control. For if the general direction or tendency of Civil Service policy be no longer under the special guidance of the Treasury, it must pass to a body, formal or informal, representing all Departments and all grades of personnel.

This dual control by the Treasury is no new issue. It has developed with the growth in functions and personnel of the Civil Service. It was an admirable institution in the days of *laissez-faire*. Its policy of rigid economy culminated in the Gladstonian period, a tradition to which it still adheres. The astronomical figures of war expenditure have forced its hand, but it still exercises a wary eye upon the wages of its charwomen. Supervision and control have been the twin pillars of the Treasury edifice since the days of Sir Robert Peel. Indeed, "dual" is an inadequate term. It is, at least, triple; for not only does it supervise and control actual expenditure, it vetoes financial proposals, through the Chancellor of the Exchequer, before they reach Parliament. "The control of expenditure is exercised primarily," says the Report from which I have been quoting, "through the preparation of the annual estimates, which are subject to the approval of the Treasury in detail, and when once sanctioned by the House of Commons cannot be varied, at least in the direction of increase, except with Treasury consent." That is to say, the Minister of Public Health or of Education, before coming to Parliament with his proposals, must first run the gauntlet of the Treasury, whose officials may know as little of health as they do of education. Observe, too, that here is a clear instance of bureaucratic domination of Parliament; a coterie of officials arrogates to itself the right of withholding from

Parliament what may be a vital decision touching health, education, local government or defence. So tenaciously does the Treasury cling to this particular custom, that if a Minister determines to " go to the House," and can carry the Cabinet with him, the Chancellor will resign. As we know to our cost in deferred boons, it is generally the Minister who acquiesces or resigns. The Heavens would not fall, nor would our financial stability be seriously undermined, if the Commons were to decide between the Treasury and the spending Department concerned. Both Minister and Chancellor could state their case. Not the least of the evils of this system is that the spending Departments, knowing their Treasury, are apt to provide a safe margin in their estimates purely for bargaining purposes. A Chinese mandarin has nothing to teach a trained British bureaucrat.

Without labouring the question, which bristles with constitutional difficulties, it is evident that effective responsibility must be taken from the Treasury and distributed throughout the Service, if the Guild principle is to prevail. Are there signs of any such transition ? The Collectivists show little, if any appreciation of the urgency of the problem. The Machinery of Government Committee, upon which sat Mr. J. H. Thomas, M.P., and Mrs. Sidney Webb, discuss the status of the Treasury, as of Civil Service organisation, almost exclusively from the bureaucratic standpoint. They cautiously feel their way to an innocuous Advisory Committee, composed of several Departments, but finally declare for a more thorough invasion of the spending Departments by Treasury officials. They even advocate transferring from the Local Government Board to the Treasury such powers as are now exercised by the Board : " It would be desirable that such relations as the central Government maintains with the Finance of the Local Authorities throughout the country should be in the hands of the Treasury rather than (as at present) of the Local Government Board." But the

bureaucratic spirit betrays itself most clearly in paragraphs such as this : " The manipulation of this work involves considerations both of personnel and *matériel.* Attention has been paid to the selection of the staff, their classification, their assignment to appropriate duties, their hours of work, their promotion, increments, leave, and sick leave." Every word of this would apply as appropriately to sheep as to men and women ; the various associations of Civil Servants are ignored : a reinforced Treasury with " government from above "— the rock upon which the Fabian ship has foundered : efficiency : a first division of socially select officials, who have graduated at approved universities, suave, velvety, adroit, with a Fabian training in the art of stroking the democratic lion : this is the picture conjured up by these devotees of our social hierarchy.

Different in spirit and purpose are the views of the rank and file. On the subject of the Treasury, the Civil Service Clerical Alliance has this to say : " The present functions of the Treasury are at least dual. It tries to combine the high finance of the nation with the domestic economy of the Civil Service. We suggest that there are here two specialisms. On the former we do not pretend to speak, but we are confident that the management of the Civil Service from the point of view of efficiency and economy (and inefficiency always means waste) is a matter for an expert Department. It is not easy to see why the two functions should be mixed, and to hand over the management of the Service to a Board of Control outside the Treasury would, in our judgment, result in two economies. The first economy would follow from the actual improvement in the management of the Civil Service, and the second from the fact that the Treasury would be free to supervise more effectively national finance, the latter being, we suppose, its prime business." [1]

[1] Memorandum submitted to the Select Committee on National Expenditure by the Civil Service Clerical Alliance.

In these two contrasted quotations, we perceive two fundamentally different approaches to efficiency. In the former the big wallahs are to meet and construct a machine, well oiled in all respects—" classification, assignment of duties, hours of work, promotion, increments, leave, sick leave "—but motived and guided from above, with an omnipresent Treasury always round the corner to impose discipline by the power of the purse. That were surely efficiency without a soul. The Civil Service Clerical Alliance boldly adopts the democratic method. In effect, they say : Throw the responsibility upon the working shoulders ; judge by results ; responsibility, being what it is, must, for its own safety, sternly reject the inefficient ; a group, to stand well with its kindred groups, will strive to the limit of its capacity. It is not merely Democracy ; it is human nature. Nor will the functional principle suffer. Mr. J. C. Monahan, the Chairman of the Alliance, says : " The Civil Service has lost in public esteem of late. The tone must be raised. The way is clear. In every rank and every Department there are to be found those with whom the idea of the Service is dominant. They do consciously subordinate interests of persons and classes to the interests of the public service." The question must be asked : Shall we get the best service with the highest efficiency from a self-respecting and self-governing organisation, or from docile State employees, whose only business it is is to do as they are told, leaving thought and decision to the first division ?

There can be no doubt that the detailed control over administrative work by the Treasury, by hampering initiative, injures efficiency. A variation of method creates convulsions ; the lines have been laid down, even the grooves are smooth ; how inconsiderate of some young man in a hurry to seek short cuts or evolve new methods ! Even plans that save money are frowned upon ; personal susceptibilities are hurt, the established

routine is disturbed. In every Department can be found men now going at a safe jog-trot who began their official careers with high hopes of great accomplishment. For a while they stormed and struggled, bombarding their chiefs with minutes and memoranda, all designed to improve and speed-up the work of their section. Sometimes the chief, resting in his last billet before retirement and pension, was too tired or indolent to interest himself; oftener, a tussle with the Treasury was foreshadowed. Gradually enthusiasm has been damped down, the young Civil Servant finding scope for his energies in the mild excitements of social life in Suburbia. In the sum total, it may be affirmed that what the Treasury has saved in pence of cheese-paring it has lost in pounds of enthusiasm and initiative. Observe, too, that the Treasury test of efficiency is necessarily the test of expenditure, with the still further handicap that the expenditure must conform to the *ipsissima verba* of a Parliamentary vote. Nor must we forget that the Treasury itself is the stoutest supporter of that most inefficient system—the social and financial separation of the first from the lower divisions. Close corporations invariably come to grief, not only because they become set in their ways, but also because they exclude fresh blood. The Treasury hierarchs themselves belong to the first division ; they are its shield and buckler. It is the most highly privileged class in our national life ; its power is out of all proportion to its abilities ; it is redolent of the antique spirit that still hovers over Oxford and Cambridge. The work of the world is done by men of tougher fibre. It does not rest its case upon its efficiency, but upon its manners, which charm only to deceive.

We cannot, then, consider the claims of the rank and file of the Civil Service until we reach some understanding of the true rôle of the Treasury. The control it now exercises in every administrative Department is not sanctioned by law, still less by common sense. Un-

doubtedly it possesses, both in law and common sense, a right of supervision ; its function is to make sure that public money is spent in the spirit and for the precise purpose voted by Parliament. But that is a far cry from control ; from the irritating particularity of its present methods. Another function it now exercises is to co-ordinate the expenditure of the various Ministries and Departments. On that it seeks to co-ordinate the work, as a whole, of the Civil Service. In doing this, it arrogates power that properly belongs to Parliament. Parliament entrusts it with a definite financial function ; as time has passed it has expanded that function into an overriding power over policy, which is an affair of citizenship and not of finance. It is evident that, in view of the new forces now brought into play, the Treasury must revert to its original function, with all the political implications of that reversion. The co-ordination of Departmental policy, which is of prior importance to finance, must become the work of the Cabinet, and of Parliament ; control must be sharply differentiated from financial supervision and become the function of a Committee in touch with the living forces of the Civil Service. These are the precedent conditions to the organisation, too long deferred, of the Civil Service upon democratic principles and methods.

III. The Status of the Civil Servant

The fact that the civil servant is a State employee sometimes conveys the idea that its discipline must be military in character ; that unquestioning obedience is its *mot d'ordre*. A moment's consideration demonstrates that a Civil Service with a military regime is a contradiction in terms. Historically, and in fact, not the least of its functions is to curb military pretensions : to stand foursquare for the predominance of the civil power. But hitherto the status of the civil servant has remained vague and indeterminate. He is classed as a

" clerk "—and " clerk " may mean anything. Entrance to the Service is based merely on an average attainment of conventional education ; there are no professional tests. Yet to administer efficiently calls for considerable technical knowledge and training ; economic and social problems must be studied and, in some degree, mastered. The degree of mastery is, of course, conditioned by the imagination fused with the study. Alternatively stated, to know social problems thoroughly predicates a fairly high standard of culture. Be that as it may, the fact remains that the Civil Service, whilst in daily contact with factors vital to social health, has no professional standing, retaining its economic power by its labour monopoly, artificially contrived by its master the State. It is not, therefore, surprising that its more far-sighted members, alive to its anomalous and none-too-popular position, are deeply concerned to gain for it a definitely professional status. Even as I write, the Society of Civil Servants, in conference, is considering *inter alia* proposals (*a*) to codify and maintain at a high standard rules of professional conduct for the Civil Service ; (*b*) to promote the study of subjects bearing upon the work of civil servants—*e.g.* Sociology, Economics, Statistical Science, Administrative Technique ; (*c*) to found courses of lectures and debates and generally to encourage the extension of education in subjects affecting, and dealt with by, the Civil Service.

Significant and germane is the record of action of the Association of Staff Clerks, now known as the Society of Civil Servants, which has led up to this effort to secure professional status. The story is told in an interesting and amusing pamphlet issued by the Society.[1] The Second Division Clerks " were brought to a sense of grade unity by a general conviction that a common improvement in salary and opportunity was worth more than the occasional promotions to be obtained by unsocial

[1] *The Society of Civil Servants*, Pamphlet Series No. 1. (E. E. Beare, 2 Old Queen Street, Storey's Gate, Westminster.)

rivalry." When war broke out, "all the world obtained war bonuses, but for a time the Staff Clerks sacrificed their wives to their dignity and refused to ask for an adjustment of salary. In the end, however, their wives were too strong for them and the Staff Clerks' Association was formed in order that a claim for a war bonus might be placed before the Conciliation and Arbitration Board." This was successful, and, in consequence, "the Staff Clerks widened their constitution and became representative of the middle body of the public service, with the lower ranks of clerical workers organised in the Clerical Alliance and the upper ranks still at loose ends." And now civil servants with more than £500 a year, they too not unmindful of war bonus, began to join and the Society of Civil Servants was born.

So far it is a simple instance of financial reaction; but what follows is yet another proof, if proof were required, that men when materially satisfied do not slack but rather bend their energies to greater effort. The Society immediately "extended its aims beyond questions of the market and the larder, and set itself to the task of defining and confirming the Civil Service as a profession, with its own technique, its distinctive qualifications, and its special tradition." Not forgetting the market and the larder, making full provision for the discussion of that tiresome topic and action thereon, the Society of Civil Servants aims at "corporate action similar to that which is furnished for their members by the British Medical Association and other professional bodies." This conclusion was not reached without a struggle: "The issue narrowed itself to the difference between the old-fashioned trade union aim of another penny an hour and the wider claims for responsibility, status, and control, in which payment is only one element." This accomplished, the Society can now look in upon its own internal working and consider how best to achieve its professional aims. "The Society of Civil Servants now proposes to think out its own

problem and to mould its experience into a technique. Its members are no longer to be a promiscuous horde of clerks with pension privileges, but a profession with expert training and technical knowledge, as clearly qualified for the special task of public administration as chartered accountants are for accountancy."

The critic may remark that the civil servants in this Society are the most favourably placed. Omitting the controlling elements, this is true ; but the lower grades evince the same determination to become efficient ; to justify themselves by function and not by State protection. The Civil Service Clerical Alliance takes up the organisation where the Society of Civil Servants leaves off. The two organisations do not compete for membership. This is what the Alliance has to say of its objects : " This union of forces was created and is being maintained with the twofold object of improving the efficiency of the Civil Service and of protecting civil servants and promoting their interests. The Alliance takes pride in elevating the ideal of the public service and standing for its efficiency and integrity, an imperative duty in face of the ignorant criticism which has been levelled against it by the more irresponsible section of the Press. To secure a more efficient Civil Service, however, it is necessary, as has been implied above in reference to industry, to reorganise it in such a manner as will create a community of interest in making it more competent." The Alliance's sense of unity in the Civil Service expresses itself in a practical way. It is opposed to patronage in all forms, whether by limitation of candidature that depends on personal selection, or of definite appointments of individuals by Ministers or officials. Secondly, it holds that no artificial barrier should restrict the promotion of civil servants of whatever class or department.

A Guild spirit breathes through the pronouncements of both these organisations ; as they see it, theirs is no perfunctory task to be performed with pedestrian comfort ; they have difficult and subtle work to do,

so difficult and subtle that it constitutes a definite profession, in which they must become proficient—a profession so important to the community that personal considerations are of secondary importance. They recognise, too, that they are not immune from the criticisms of their master the State, and through the State of the general body of citizens. Again I quote from the pamphlet of the Society of Civil Servants : " Public administration is only justified in its efficiency in carrying out the designs of the community, and it cannot be finally accepted on the standards of its own professionals. It must satisfy a wider test and show that it is adapted to meet the needs of the community." In economic affairs, like good Guildsmen, they are not afraid to apply their labour monopoly ; like good Guildsmen, they defer to the prior rights of the citizen, recognising that the spiritual forces are sovereign over the material. It is not the Treasury they set out to obey ; they pay obeisance to the community organised as a State.

We perceive in all this a new conception of official life, a vivifying contact with the social and industrial spirit now so rapidly transforming the ancient landmarks in politics and the workshop, an affirmation of that functional principle which, rightly applied, establishes definite status and destroys the wage-system, the sinister bar to status. What puzzles me is that the Report on the Machinery of Government, signed by responsible officials, thinkers, and politicians, issued in 1919, should ignore the existence of these organisations, should betray unconsciousness of this spirit, so clearly expressed by the men and women who are expected to operate the " machinery." Does Viscount Haldane of Cloan, O.M., K.T., the Chairman of this Committee, imagine that his colleagues of government, whether in or out of office, whether students or high officials, can raze this spirit and ride rough-shod over those who mean to make the Civil Service a profession, with the pride and independence of professionals ? The Viscount

is very old, and youth will be served. We can understand Mr. E. S. Montagu, Sir Robert L. Morant, and Sir George H. Murray ensuring in any official report the dominance of the Treasury. Mrs. Sidney Webb doubtless imagines that an exercise in bureaucratic symmetry more than suffices. But Mr. J. H. Thomas, M.P. ? This gentleman is Secretary of a great Trade Union, which demands control. Did it not occur to Mr. Thomas that if control for the railwayman is desirable, it is also desirable for the civil servant ?

The terms of reference of the Machinery of Government Committee do not preclude the discussion of control ; on the contrary, it is distinctly implied. It is charged " to advise in what manner the exercise and distribution by the Government of its functions should be improved." Since the Committee knew of these Service associations, knew that they aimed at more than mere salary, aimed at definite status, I am reluctantly driven to one of two alternatives : either the question was too ticklish or the Committee advocates government from above. The second alternative is probable, because the power of the Treasury is not only endorsed, but its extension recommended. As we have seen, the dispersion of Treasury control, carefully retaining Treasury supervision—the supervision to which responsible accountancy is entitled—is a condition precedent to democratic control. As affairs have developed in the Civil Service, the decisions of the Treasury become the fiats of an oligarchy.

We cannot too carefully distinguish between control in the workshop and control in the Civil Service. The former is an economic method, which in Guild organisation would solely pertain to the jurisdiction of the Guild Congress ; the latter pertains to State government and is in an altogether different category. Workshop control is compatible with private capitalism, but is essentially transitional in character, being deliberately designed as the first step towards self-government in industry. But

control in the Civil Service is not transitional in the same sense, since the continuance of State government is predicated. Nevertheless, the two have points in common, notably in discipline and in the disbursement of money allotted for such definite purposes as come within the competence of control. Thus, the alternative to Treasury control is a responsible committee, who shall undertake, on behalf of their colleagues (by whom they have been democratically chosen), to do certain work or perform certain functions, on the terms and at the cost agreed between the parties concerned. There is no reason why the Minister of a Department should not obtain from Parliament a vote to cover the year's expenditure. That is the theory upon which we are supposed to proceed. The Treasury should, of course, criticise the Minister's estimates. There are, however, overwhelming reasons why the Treasury should have no power of veto, whether in form or substance. This veto rests upon the formal threat, largely theatrical, of the Chancellor of the Exchequer to resign if his veto be disregarded. If the Commons choose to spend more upon public health or education than the Chancellor thinks necessary, then let the Chancellor accept the decision and proceed to levy the required taxes. In no other elected body does the Treasurer (or Chancellor) assume such prerogatives. It is a dangerous anomaly in a democratic system and should be determined. If, then, we give each Minister free access to Parliament, undisturbed by the Chancellor's threats of resignation, and if the Minister gets his vote, it remains for the Treasury to see that the money so voted is properly spent, whilst it remains for the Minister and his staff, from the highest to the lowest, to control the expenditure of the money voted. The method suggested is by committee and conference—a method in which civil servants have already acquired considerable proficiency. Finally, to avoid a scramble in Parliament, let an inter-departmental committee meet and, in consultation with

the Chancellor, agree upon the approximate amount of the Budget and the relative proportions to be assigned to each Department. The comedy of the Chancellor sitting upon Parliament's head in mistake for its purse is now stale and unprofitable. It is, indeed, too tragical to be amusing.

There remains to be considered how far the Civil Service is ripe for self-government and susceptible of Guild organisation.

IV. A Civil Service Guild

We can now see, I think, that there must be a solution of the vexed question of Treasury control before the Civil Servants can achieve any measure of democratic control. It is obvious that the one excludes the other. The facts stated in the previous section of this chapter warrant the conviction that efficiency comes from professional competence and zeal and not from a rigid system with finance as the mainspring. From the previous section we may also infer that effective association, the first condition of Guild organisation, is not far to seek amongst Civil Servants. But it is difficult for the ordinary observer to realise the extent to which association has spread throughout the Service. There are no fewer than 50 associations in the Post Office alone, some of considerable size and power. Thus, the Postal and Telegraph Clerks' Association represents an establishment exceeding 40,000 ; the Fawcett Association, composed of sorters in the London Postal Service, numbering 7000 ; the Postmen's Federation speaks for an establishment of nearly 70,000 ; the Amalgamated Engineering and Stores Association represents over 22,000 employees in that class ; the National Federation of Sub-Postmasters speaks for 23,000. Numerically considered, these are the important bodies, but some of the smaller bodies have their weight and significance. There are, for example, the Associations of Post Office Superintendents, the

Postal Telegraph and Telephone Controlling Officers' Association, the Association of Head Postmasters, the Society of Post Office Engineering Inspectors, and the Association of Post Office Engineering Chief Inspectors, with a membership of over 300. From the Guild point of view it is almost immaterial whether these servants of the State associate for technical or financial mutual support or for both ; the *sine qua non* is that they shall, with greater or less formality, be associated.[1]

When we reach the stage of Guild organisation, the question will arise whether the Post Office is a civil or industrial body. I have always recognised the difficulty, theoretically considered, of this problem. The Post Office, although a congeries of trades and occupations, is an institution unique in almost every sense. It is certainly a State enterprise, possessing peculiar legal rights and attributes, touches our private lives as does no other organisation, is already recognised as a State organisation, its members submitting to the rules and regulations of the Civil Service. On the other hand, it is a gigantic industrial organisation, employing men of many different trades, who, in the ordinary course, would join their appropriate industrial Guilds. It must be, particularly, always in close co-operation with the Transit and Engineering Guilds. Personally, I think it ought to be regarded as a Civil Guild, but, as a democrat, recognise that it must ultimately decide for itself to remain a Civil institution or affiliate with the Guild Congress. If we regard it as a problem in itself, we may say of the Post Office that it might be Guildised to-morrow. It certainly obeys the early injunction: "When you are ready to nationalise, we are ready to Guildise." The Post Office is not only already nationalised ; it is organised.

[1] Since this was printed there has been an important development. In September 1919 the Postmen's Federation, the Postal and Telegraph Clerks' Association, and the Fawcett Association amalgamated. The new organisation is called the Union of Post Office Workers. Its membership is rather less than 100,000, with an annual revenue in excess of £62,000. The Central London Telegraph Association also balloted in favour of amalgamation, but at present are precluded by legal difficulties.

Coming now to the distinctively Civil Service, again we discover that the practice of association runs all through it. There is the Civil Service Federation with a possible membership of 15,000. There are 20 Associations in this Federation. Then there is the Civil Service Clerical Alliance with a membership of 20,000. In this Alliance there are 10 different Associations. Next comes the Customs and Excise Federation with a potential membership of 5500, comprised in 3 Associations. Then we may note the Civil Service Society, to which I have already referred. Its operations affect an establishment of over 7000. There are the United Government Workers' Federation and thirty or forty other Associations, small but representative. Whilst these Associations have not a membership commensurate with their Establishment strength, it is probable that they can speak more authoritatively for their colleagues than in similar circumstances in industry. The reason is that their subscriptions, being merely for the printing and clerical work, are nominal. It is always more difficult to collect nominal subscriptions, for which there is no return, than substantial subscriptions involving possible loss if not paid. A man does not neglect his life-insurance premium ; he is habitually careless in forwarding his half-crowns. I notice, for example, that the Civil Service Society has a membership of 1800. The action it took over war-bonuses benefited 7000. The other 5000 were apparently content. If their half-crowns were wanted, they would doubtless be forthcoming. The real question is : Are these Associations representative ? Do they express the views of their particular Establishment ? Since they meet with no dissent, and do, in fact, contain the active spirits, we may safely assume that they say what the general, if inarticulate, body of the Civil Service thinks.

Whilst I know of no conscious tendency or movement in the Civil Service towards a Guild, many of the classes are looking eagerly for self-government. Mr. Monahan,

the Chairman of the Alliance at its Conference, said : " Many questions of importance agitate the Civil Service at the present moment, but I need make no apology for devoting some time to discussing the single question of control ; for all the other Service matters that excite our interest are so many roads leading us to this central problem. We had already gone some way in the consideration of the subject when the Whitley Report was issued and public attention drawn to the similar problems in the industrial life of the country. The remedies we had preached for Service ills were now, as they applied to industry generally, expounded with authority and adopted by the Cabinet. Clearly, the welcome given to the Report, and especially its adoption by the Cabinet, immensely strengthen our position ; and it seems inevitable that, in some form or another, the suggestions of the Report must—if only for the encouragement of the industrial world outside—be made the basis of a drastic reform of the Civil Service. Indeed, the principles of the Report are demonstrably more applicable in the public service than in industry. The main objections that have been raised to the Whitley Scheme are irrelevant to the case of the Civil Service, just because it *is* the Public Service, and there can be no question, therefore, of a necessary conflict of interest between employer and employed. The problem of the Civil Service is how so to constitute it that the public interest for which it exists may be most effectively served without the creation or maintenance of antagonistic sectional or private interests within it." Whether or no the Whitley Report becomes the model, the Alliance is determined to obtain a share of control. Its policy was defined at its Conference, so far back as November 1917, in these resolutions :

1. That, in the opinion of this Conference, the controlling authority of the Civil Service should be a Board, under the chairmanship of a member of the Ministry, and composed of equal numbers of (*a*) persons appointed by the Government and (*b*)

representatives of employees nominated by Associations of Civil Servants.

2. That, in the opinion of this Conference:

(i.) It should be the duty of the Board of Control, demanded in the above resolution 1, to exercise a general supervision over the general condition and activities of the Civil Service, and specifically over (*a*) recruitment, pay, appointment, classification, allocation, transfer, training, promotion, and superannuation of Civil Servants; (*b*) the conditions of their employment, and the division and definition of their duties; and (*c*) the fixing of standards of office method, premises, and furniture;

(ii.) The Board should, in dealing with all these matters, consult with and seek the co-operation of the permanent heads of Departments on the one hand and the organisations of Civil Servants on the other; and

(iii.) The heads of Departments and organisations of Civil Servants should be in regular communication with the office committees to be constituted as provided in resolution 3 below.

3. That, in the opinion of this Conference, there should be formed in each Government office a committee, to be described as the office committee, of equal numbers of the higher officials and elected representatives of the subordinate classes, which should be charged (*a*) with the consideration as they affect the office of the matters generally controlled by the Board of Control, as set forth in resolution 2 (i.) above, and their determination within the limits allowed by the Board; (*b*) with the duty of periodical report to the heads of Departments and organisations as implied in resolution 2 (iii.) above.

The Society of Civil Servants, representing the higher grades, is naturally more discreet in its pronouncements. It has taken steps, however, by resolution "to ensure proper representation on any Councils that may be set up if the proposals of the Whitley Committee's Report on Industrial Reconstruction are applied to State Departments." But its methods, outlined in the previous section, aiming at professional status, involve self-

government to an even larger extent than in the proposals of the Alliance.

It will be observed that the organised Civil Servants look to some machinery on the Whitley model as the next step towards control—such control as is compatible with the authority vested in the State. The question arises whether the Civil Service Committees here suggested help or hinder Guild organisation. We have seen that, in industry, there are grave objections to the Whitley proposals, notably two : (*a*) that they predicate the continuance of the wage-system, and (*b*) that they circumvent workshop control. The Whitley Report expressly declines to discuss the wage-system, whilst its official interpreters regard the works committee as a necessary part of the Whitley machinery. Since the new shop-steward entertains quite other opinions as to the function of the works committee, it is evident that *ab initio* there is a fatal clash between the new industrial movement and the schemes adumbrated in the name of Whitley. But can these objections be maintained against Whitley Committees in the Civil Service ? In the first place, the wage-system in the Service appears in its least objectionable and attenuated form ; it is almost completely a salariat. Secondly, there is no private employment ; commercially considered, there is no profiteering ; the industry—if industry it be—is already nationalised ; it is, in fact, the administrative arm of the Executive, which directly derives its power from the State. To state these facts is to answer the question. Undoubtedly, a Whitley Committee in the Civil Service cannot be condemned on the same grounds that it would be condemned in capitalist industry. The Whitley method would tend to strengthen the position of the rank and file, to ensure enhanced status, to induce increased efficiency, through the satisfaction that comes of group control and personal amenity. Apart, too, from any question of group or personal rights, the Civil Service is centralised beyond reason. It is so centralised

that locality is ignored and the lower ranks disregarded. The result is unexampled congestion and smouldering discontent. Decentralisation of power, the distribution of responsibility through appropriate ranks and groups, would cure, almost at a stroke, the worst aspects of bureaucratic management. The Guildsman may, therefore, welcome the Whitley organisation in the public service, even though he reject it in industry.

There is another form of the public service to which I have not referred. The Municipal Service is in magnitude greater than the Civil Service ; its functions, if different, are equally important. It, of course, has intimate relations with its Civil confrères, to whom it is as necessary as is the Civil Service to the Government. The Ministries of Health and Education would be impotent without the corresponding Municipal Services. Even the Police, although subsidised by the Government, are under municipal control. Since the Police are responsible for the application of the criminal law, it is clear that, in the performance of this duty, their function is at least as Civil as it is Municipal. A Civil Service Guild, once constituted, would therefore have far-reaching municipal reactions. The Medical Guild would presumably include the Medical Officers attached to the Municipalities ; the Educational Guild would be a mere skeleton without the municipal teachers, who are, in fact, Civil Servants, since, like the Police, they are subsidised by the State ; such industrial Guilds as the Engineering would presumably control their own members now in municipal employment, whilst the various technical corps would, in like manner, cut across both the Civil and the Municipal Services. From the strictly industrial point of view, it would seem that the Municipalities, like the Government, must make terms with the industrial Guilds. There is a huge army of municipal tramwaymen. They would almost certainly affiliate with the Transport Guild ; other industries concerned with municipal life would in like manner

find their economic fellowship with the cognate Guilds. Nevertheless, pending a thorough Guild organisation, it would seem as though there is an incipient Guild organisation in the Municipal Service. An unknown correspondent kindly sends me an account of the Municipal Officers' Guild, who applied to the County Borough Council at Rotherham for recognition as the intermediary between the Staff and the Corporation on all matters affecting the interests of the Staff. The Town Clerk was instructed to obtain information as to the attitude of other municipalities, and the Guild was also requested to furnish any particulars of similar practice elsewhere. The movement is probably both local and incipient ; but it is significant.

I am not reviewing, in this chapter, the aims, objects, and organisation of our public service, even in regard to its personnel and functional rights. That is a large subject, beyond my purview.[1] But the facts here cited prove that, consciously or unconsciously, this great body of men and women is moving in the direction of Guild organisation : shows a keen sense of functional value : realises the need for the devolution of centralised control, particularly of drawing a clear distinction between Treasury control and supervision. A Civil Service Guild could be created with no great difficulty.

[1] An excellent, objective, and well-documented history of the Civil Service will be found in *The Civil Service of Great Britain*, by Robert Moses, Ph.D., B.A. (New York : Columbia University. London : P. S. King & Son.)

VII

THE CIVIL GUILDS (*continued*)

THE EDUCATION GUILD

I. Education and the Teacher

The sharp distinction I have repeatedly drawn between the Citizen and the Guildsman, between our several duties to the State and the Guild, is found to be fundamental when we come to consider the function and organisation of education. Let me recall the argument. It is assumed that the industrial processes pass from the political sphere to the Guilds ; that, in consequence, the State is only concerned with the economic *sequelae* of the industrial control implied in the absolute Guild monoply of labour, adopting in fact the economic means, supplied by the Guilds, to the spiritual ends, which constitute the rôle of a purified political system. The citizen, expressing himself in the political medium, asserts himself through the State organisation ; the Guildsman, as such, establishes his economic freedom through the Guilds. It is the essential dualism involved in at once procuring the means of life and turning life to high purpose. In each one of us this dualism exists. If our national economy works smoothly, is not confronted with harsh economic conditions (such as a shortage of natural products or waste caused by abnormal conditions), then we can, as citizens, develop our spiritual gifts—art, literature, science, our intellectual perceptions, all

that the spirit of man may achieve when set free from stringent or impoverished circumstances. Have I written this before? I shall write it again. If we forget it, Guild proposals sink to the level of mere mechanism. Our problem is, not to establish a balance of power between the State and the Guilds, but to enable both State and Guilds to function freely in their appropriate spheres. A people with a confused national economy is of necessity handicapped in its spiritual ascent; a people whose economy is wisely ordered finds a straighter way towards the higher reaches of human effort.

Obviously, in all this, education must play a tremendous and determining part. It is not so obvious, however, that, to maintain harmony between the spiritual and economic activities, because it is a civil function, education must devote all its energies to the culture of citizenship, the technical training now assigned to it becoming the responsibility of the Guilds. Just as to-day our national life suffers from a vicious blending of the political with the economic, so education reflects the same evil in its subjugation to the industrial necessities imposed upon it by a capitalism that, with criminal indifference to the humanities, imperiously demands a class of technically efficient wage-slaves. In this chapter, it is assumed throughout that the function of education is to build character, the prime essence of citizenship.

At the first blush, it might seem as though I am wrongly assuming as a fact the major aspect of technical training in the large volume of educational activities. The critic may aver that, so far as primary education is concerned, neither teacher nor scholar knows anything of the technical; that there are vast stretches of secondary education in which the technical is equally unknown; that a boy may pass from the primary school to the university unaffected by industrial considerations; that everywhere the cry is for more and not less technical teaching. Viewed quantitatively this is no doubt true; but the critic must be reminded that,

without the word spoken, the atmosphere of our primary schools may be, and in fact is, technical, in the sense that the children are prepared for industry by the inculcation of the qualities demanded by the workshop, rather than the virtues necessary to good citizenship, of unquestioning obedience to industrial discipline instead of unquestioning loyalty to civic principles and social honour, of acquiescence in the existing order, of impatience and contempt for ideals and new conceptions. The system says in effect : " These things are not for you ; prepare for a life of toil." In this sense the technical or material spirit pervades school-rooms in which technical education, properly so called, is unknown. When, therefore, I propose to transfer the technical from our national schools to the Guilds, I mean more than the phrase conveys ; I mean that our schools shall be as completely swept clean of the technical spirit as the State of its economic entanglements. The one implies the other.

It was inevitable that the conditions of the school-room should react upon the teacher. Not surprising that, in an educational system demanding intellectual compliance with the wage-system, the teacher, on reaching class-consciousness, should seek the redress of his own disabilities within the ambit of the wage-system, in spirit as in fact ; not surprising that the teacher should first absorb and then reflect that respectability we associate with capitalist society ; not surprising, if we have regard to his unique position, that in most parts of England, particularly the rural districts, the teacher should vie with priest and preacher as the most cohesive factor in the social fabric. This rôle is sometimes to his liking, more often it is forced upon him by the implied terms of his appointment. If he is not now compelled to play the church organ, he must still play his part in maintaining a social concert that disregards the social discords. Not surprising, therefore, that he should aim at the improved status of his profession by the capitalist expedient of higher

wages, by the assumption that professional skill is measured in coin of the realm. It is beyond dispute that the teacher is disgracefully paid ; but can we be sure that improved economic conditions will bring in their train an improved status, a higher conception of the function of true pedagogy ? It is conceivable that better financial reward might but tend to greater skill in riveting reactionary fetters upon the mind of the child. I do not think so ; I am sure it is not so : but it would be an affectation to expect from an underpaid and undervalued profession imagination and qualities that hitherto have proved positive disqualifications. If the average pay of the teacher is less or only equal to that of the policeman, we are not entitled to expect any higher conception of the teaching profession than that of moral policemen, of providing popular moral support for the man in possession.

We know, however, that the best minds in the teaching profession are in revolt against the invidious position in which they find themselves ; that they realise that education means infinitely more than is permitted by Whitehall and the local authorities. I suggest that the teacher must now decide whether it is by the enhancement of his function or by endeavours for higher pay that the main end can be achieved. " One discovery of to-day," says a valued correspondent, " is that the most important factor in education is the teacher." The most important factor in education is education and its content ; the teacher is the chief and most important instrument. This, perhaps, sounds trite ; it is the essence of the problem. It means that the function or the social value is greater than the individual, however great our debt to him. Thus the first stage is to evolve a finer concept of education ; then the right teacher will be found. But it is also true, with due acknowledgments to enthusiastic amateurs, that it is the enfranchised teacher who will make of education the social value desired. As in industry it is our contention that the

enfranchised wage-earner will become the true craftsman, so in education it is to a self-governing teaching profession we must look for the correlative improvement in mental training. My correspondent proceeds : " Notoriously the teacher is demanding at the moment to be better paid ; but the awakening instincts behind that demand have a deeper significance. As long as the teacher is discontented, there is no need to despair of national education. But the problem is to turn the teacher's discontent into the most fruitful channels. A mere demand for higher pay will not suffice ; the teachers must resolutely face the problem of the nature of education ; they can only advance their permanent interests by improving the quality of the substance with which they deal. They can improve their social status ; but their professional status will remain precisely where it is unless the quality of education marches with their financial advance. A medical charlatan is no better doctor because he quadruples his income ; we do not appraise the science of medicine by the financial standing of its practitioners, but by its contribution to health."

Nevertheless, I am anxious to avoid any appearance of lack of sympathy with the elementary teachers in their struggle for better material conditions. The National Union of Teachers, with its hundred thousand members, doubtless finds that its common denominator is pay and conditions. Even in this respect, I imagine it is hampered by its incurable respectability, which still secludes it from the Trade Union Congress. It has, of course, done wonders for its members ; but why, after all these years, has it not forced the doors of the great universities ? Why the persistence of the shocking pupil-teacher system, when every middle-class child has, if his parents choose, university trained teachers ? No one would contend, I suppose, that the university man is better informed than the elementary teacher, who excels in instruction as distinct from education ; yet who can doubt that the intellectual resources of the

universities could long since have been exploited in the interests of elementary education, had the National Union of Teachers set about it with determination and with a higher regard for teaching as a profession? Nor can I understand why this powerful union has so tamely submitted to the mechanism of their schools—the mechanism of the inspectorate, of grants and all the hateful concomitants of the factory in the schoolroom. One is reluctant to conclude that the leaders of this Union believe in their hearts that the wage-earners' children get very much the education best calculated to preserve the existing social system.

I return to my correspondent, who is himself a teacher: "On what theory of society are our schools founded? Our more fashionable boarding and day schools frankly profess, with a certain success, to turn out 'ladies and gentlemen,' fitted for leadership in society, for the higher professional, commercial, and diplomatic posts, or to become what a recent official report refers to as 'captains of industry.' But our State schools show no contrast of democratic bias. They are not the training grounds of republicans and levellers. They have no coherent theory. They rise no higher than a pitiful imitation of the school traditions of social superiors. Our elementary scholars are turned out fitted to be nothing better than wage-slaves. They are not even trained to be efficient wage-slaves. The whole system is chaotic, aimless, depressing. To give one exceptional child in a thousand free education from primary school to university is no atonement for bungling the education of the others." This picture of a State school, by a teacher, might here and there be refuted by the exceptional; in the main, I fear it is a true indictment.

"We have a large heritage of educational theory," he says, "but there has been relatively little successful practice. There is among us to-day a considerable amount of serious thought and fruitful experiment,

notably by educationalists favourable to the Guild idea. Must their work be barren of adequate practical result? One thing alone is lacking: an organisation wide enough and intelligent enough to encourage theory, systematic experiment, and put the successful result into practice. Teachers must recognise that they will never gain their proper position in society if their efforts are confined to the improvement of salary and status. The claim to the position of expert must be substantiated by readiness and ability to work out in practice the ideas of the great educational reformers. In return, the public must be willing to give teachers every freedom and every opportunity for which they show themselves to be fitted."

Yet one more quotation from my correspondent's memorandum: "Public interest in education is largely misdirected. A school is looked upon as a kind of business, which must produce a regular and tangible dividend. Such ideas of control tend to influence the detail of method, where complete freedom is necessary, and in consequence to neglect the larger strategy of educational aim, where co-operation between the school and society is essential. A school is built like a factory: the average play-ground is as dismal as the back court of a slum tenement: school hours are immovably fixed, like factory hours: the results are estimated in terms of money grants, money scholarships, examination results. The headmaster of a school is regarded as a kind of factory manager, screwing out 'results' instead of profits, inflicting untold injury in the process. The wrong things are expected of him; his life is busy but misspent. His autocratic position is good neither for himself, his colleagues, nor his pupils. The school with the most minutely regulated routine is popularly regarded as the best school. Yet every teacher who has a living sense of values knows that any course or curriculum, if repeated in detail many times, becomes dust and ashes, unutterably tedious

to teacher and pupil. Enlightened teachers ask for experimental schools. The purpose of a school is to make experiments in life, not to break in beasts of burden to passive tolerance of a mechanical existence. . . ."

Such, in rough outline, is the problem of education and the teacher. Now I would as soon blame the wage-earner for quantitative production as the teacher for the gross materialism of the existing educational system. But just as the time has come for organised Labour to change the industrial system and refine its products, so, too, the time has come for the teacher to change the educational system and refine its spirit. He must assume responsibility some time ; he cannot perpetually ride off on the plea that he gives the public what it wants. At what moment must that responsibility definitely become his ? Precisely when he realises that he is a member of a great profession ; when that profession is more to him than popular clamour or monetary reward. In fine, when he adopts the functional principle. In the preceding chapter we saw that the leaders of Civil Service organisation have begun to transform their occupation into a profession, and to base their claim upon skill and knowledge rather than upon their labour monopoly, although, of course, alive to the bargaining value of organised monopoly. The moral is for the teacher. He must learn that his profession is greater than himself ; that in demanding ample aid and opportunity for the development of educational theory and practice in the interests of citizenship, he is in reality pursuing the path that leads to his own personal honour and security. First and last, his profession must come first ; but he goes with it. And who but he shall control it ?

II. Secondary and University Education

We may say, I think, of all forms of secondary education that whilst, educationally considered, they present

many hopeful features, they necessarily take their colour from the elementary. This must be so, since it is from the elementary they draw their scholars.

University education, the crown of the edifice, is a matter of profound importance to our national life. I have asked Mr. Robieson to relate University life to the Guild idea. With the technical aspects of this most valuable contribution, I, as a non-academical, can express no useful opinion. He reaches, *inter alia*, three conclusions that concern me as a citizen. In the first place, he demands a sane decentralisation of University activities. Adopting the provincial aspect of local government, already discussed in this book, he would assign to each province its own University. To this University would flock the provincial students, who—as we shall see—would be no longer eligible for the ancient foundations, Oxford, Cambridge, St. Andrews, and perhaps one or two others. But Mr. Robieson will have none of the straggling, struggling, misshapen, haphazard, inadequate contrivances we know to-day as provincial Universities. He bids us think in terms of war expenditure, and does not shrink from, say, a week's war-cost devoted to the reconstruction of education in general and the Universities in particular. He wants a fabric architecturally worthy of the purpose, and—this is the second point—he insists upon the most liberal adoption of the hostel system. I suppose that nine out of every ten Oxford or Cambridge graduates will readily affirm that they gained more from the social conditions of residence than from the lecture-rooms. If the system is good enough for the sons and daughters of the rich, it is equally good for all. A non-residential University is a misnomer. Thirdly, Mr. Robieson would reserve the old foundations for post-graduate courses, by those who qualify in the provincial Universities. The ancient Universities, the property of the nation, the heritage of the centuries, must revert to their original purpose—sanctuaries for those who would

apply themselves to learning. I express my grateful acknowledgments to Mr. Robieson.[1]

III. The Teacher and Control

He who would rule others must first govern himself. This self-discipline, if the platitude may be pardoned, springs from self-respect and pride in one's calling. The profession of teaching calls for this discipline in exceptional degree. If, in the preceding section, the life of the teacher has been presented in drab tones, it does not follow that his soul is as drab as his surroundings are dismal. It is not, therefore, surprising that with the sense of power derived from association the teachers are feeling their way to a code of conduct befitting their professional status. The Scottish teachers have begun to put it into words. The Professional Etiquette Committee of the Educational Institute of Scotland has drawn up a Code, which appears to have met with general acceptance. It is as interesting as it is significant. This Code, we are told, "must not be regarded as a rigid body of law. . . . The ideal Code would consist simply of principles, and individuals would be left to their own sense of what was right or wrong in applying these principles. But such a Code presupposes perfect human beings, and teachers are no more perfect than the people with whom they have to deal in their professional capacity." So the authors seek a happy mean between abstract principle and specific acts. The Code "necessarily falls short of the professional ideal in many respects. Only such articles can be included as are likely to be accepted by practically all teachers, or are capable of being enforced by the general will. Many teachers, for example, would gladly see an absolute prohibition of canvassing, but, under present conditions, all that is practicable is to veto certain specially objectionable forms of canvassing." Only the nation that pro-

[1] See Appendix.

duced the Catechism could have evolved with such thoroughness this guide to professional good conduct. I can only quote here a few of the main heads :

I. Relations with pupils.

II. Relations with parents of pupils.

III. Relations with the school.

The teacher is under obligation to do everything possible to promote the corporate interest.

It is a Breach of Professional Etiquette:

Not to take a reasonable share in all those voluntary activities (such as school-games and societies) by which a proper *esprit de corps* is fostered and developed.

IV. Relations with other Teachers.

The teacher is under an obligation to develop the sense of common interests among all classes of teachers, and to behave to fellow-teachers in a worthy professional manner.

It is a Breach of Professional Etiquette:

To treat members of the staff otherwise than as colleagues.

To criticise or censure a teacher in the presence of pupils or other teachers.

Not to carry out the instructions of the headmaster in a spirit of good-will.

To give confidential information about the work or conduct of fellow-teachers to outsiders.

(Under this heading there are thirteen defined breaches.)

V. Relations with the Local Educational Authority.

The teacher is under obligation (*a*) to give loyal and faithful service, and (*b*) to exact proper respect for the rights of the profession.

It is a Breach of Professional Etiquette:

To allow the local educational authority without protest (*a*) to prescribe in detail what is to be taught in

any subject (*e.g.* by the imposition of a syllabus which has not been drawn up in consultation with the teachers concerned), or (*b*) to lay down regulations with regard to methods of instruction and discipline.

To allow the local educational authority to exact any form of service, either inside or outside school hours, not directly connected with the ordinary work of the school.

To employ extra-scholastic influence (*e.g.* Church or political connections) in furtherance of claims for appointments or promotion.

VI. Relations with Inspectors or other Officials.

It is a Breach of Professional Etiquette:

To tolerate without protest any discourtesy on the part of officials.

To allow dictation with regard to the details of what is to be taught or with regard to the methods of instruction and discipline.

VII. Relations with the Educational Institute.

These need not detain us ; they naturally provide for corporate loyalty.

The enforcement of this Code is naturally a ticklish affair. In ordinary cases it must "depend upon the professional conscience of individual teachers, quickened by the judgment of colleagues." In obvious breaches, "pressure from fellow-teachers may be expected to be brought to bear on offenders (1) by express criticism of unprofessional acts ; and (2) by some form of social ostracism." We gradually work up to the climacteric of formal penalties. Not much can be done, however, "until such time as the profession controls the register of qualified teachers." Here we come to the root of the matter.

The Code affords rich tillage for the humorist or cynic. There are palpable crudities ; but if we read it with sympathy and understanding, we see a profession, too long underrated, bestirring itself : we witness a

declaration of independence. "It is a breach of professional etiquette to allow the local educational authority to prescribe in detail what is to be taught in any subject." "It is a breach of professional etiquette to allow dictation [by Inspectors or other officials] with regard to the details of what is to be taught, or with regard to the methods of instruction and discipline." Function is here tentatively defined; the functional principle is applied. Does the doctor permit the community "to prescribe in detail"? Why, then, should the teacher? The one cures disease, the other ignorance. Like the doctor, the teacher awaits his mandate from the State. The terms being settled, the teacher demands freedom of action. To obtain it, he applies, if necessary, his monopoly of labour. His mandate is to teach. He will teach in his own way. Of course, it is not so simple as it looks; the inculcation of knowledge carries us far beyond the four walls of the school-house; there are specialists who are not teachers in the technical sense, but whose knowledge is requisite: nevertheless, taking the broad view, teaching is the teacher's profession, special circumstances being subsidiary.

In this Code, as in other pronouncements, we perceive the Guild spirit spreading amongst the teachers. The practical question is whether their organisation marches with the idea of self-government and definite function. The National Union of Teachers is obviously the most important body, and no Guild could conceivably come into being without its intellectual assent and practical support. Hitherto, as we know, its policy has been to seek improved status by higher salaries and better conditions. This policy has been largely forced upon it by stress of circumstances. Its members were criminally underpaid; they worked under morally exhausting conditions; they were subjected to the tutelage of a calculating Whitehall in conspiracy with ignorant and cheese-paring local authorities. But this particular battle has now been fought and won; the

elementary teacher can call his soul his own, even though he put it in pawn to the social conventions. The next stage is to round off the earlier work by the conscious creation of a profession with professional rights and amenities. The elementary teachers have yet to declare that their functional competence will keep pace with the advance of their social status. Unless this be done, speedily and thoroughly, we may witness the spectacle of the teaching profession, enriched by universal consent, becoming the bulwark of a deliberately contrived obscurantism, the most effective ally of the exploiting classes.

In any event, the National Union of Teachers, although numerically the most powerful, is not by its constitution the appropriate nucleus of the Education Guild. We must bring in the secondary teachers of every grade and category in addition to the University teachers, tutors, and professors. There must be an organisation common to all. This will be found, I think, in the Teachers' Registration Council, a body consisting of a Chairman and forty-four representatives appointed by associations of teachers. Eleven of these are elected by the Universities of England and Wales, eleven come from associations of teachers in public elementary schools, eleven from the secondary schools, and eleven from the various associations of special subjects (technology, art, music, domestic science). Every member of the Council must be a teacher or a former teacher. The Council does not work in rivalry with existing organisations ; it unifies on the higher plane of function. It already has a legal recognition. It is authorised by the Education Act of 1907 and established by an Order of the Privy Council issued in 1912. These enactments assign to the Council the duty of forming and keeping a Register of such teachers as satisfy the Conditions of Registration established by the Council for the time being, and who apply to be registered. All names registered appear in alpha-

betical order and in one column. In the first five years of its existence, more than 20,000 teachers have applied for registration.

Evidently duties other than registration are contemplated. The President of the Board of Education in 1912, at the first meeting of the Council, hoped that the Council would be able "to speak with one voice as representing the teaching profession and that the Board of Education would be able to consult with them." The Council itself declares that "the Register is only a means to an end, namely, the establishment of a united teaching profession. . . . Unity is the first condition of progress towards a larger measure of self-government for teachers, and this self-government in its turn begins when teachers themselves have agreed to maintain a Register of those qualified to practise their calling." As we have seen, the Scottish teachers realise that they cannot, in the last resort, enforce discipline until they can control their own Register.

We can say of this Registration Council that it is a Guild in embryo. Its composition is perhaps open to criticism. The overwhelming majority of teachers are in the Elementary Schools, yet their representation is less than one-quarter of the Council. Experience will doubtless rectify this or other inequalities. Certainly, the numerico-democratic method does not apply in education, where special qualifications and individuality are peculiarly in request. But, in broad outline, this Council is essentially the representative teachers' organisation. We must remember, however, that it has a difficult road to travel. Not only must it negotiate with the State but also with the local governing authorities ; it must also call to its support all citizens who appreciate the value of education and the dangers of a misdirected educational organisation. The right guidance of the educational machine is of vital civic importance. Like other Guilds, the Education Guild must have its labour monopoly and a long tradition of

practical training ; but, unlike other Guilds, knowledge —the thing it deals in—is no monopoly : belongs to each member of the community in varying degrees : is the one factor in national growth in which men and women of good-will can most effectually co-operate with the distinctively professional elements.

With one more turn of the wheel, the Education Guild could become an accomplished fact.

VIII

THE CIVIL GUILDS (*continued*)

THE MEDICAL AND LEGAL GUILDS

I. The Medical Guild

The existing medical and legal associations already possess, in certain degrees, two essentials of Guild organisation : subject to an important exception, they have a monopoly of their own labour, and, to a striking extent, statutory rights of self-government. Moreover, the medical service, even as it is to-day, obeys the functional principle : is probably of more permanently functional value than any other profession or trade : will be less affected by social change. The functional value of the legal profession is, of course, more problematical. Unlike medicine, law — particularly its chancery side—must necessarily be profoundly affected by an economic change that revolutionises the terms and tenure of possession. Medicine therefore calls for little criticism, whilst the future of law is too speculative for comment when my theme is transition.

The future of the medical associations, as they develop into a civil Guild, would appear to be mainly in the extension of self-government. At present the medical profession exercises large powers in medical jurisprudence—powers based upon a special knowledge, largely acquired at the expense of the public—with a definite code of discipline and professional conduct

defined by law. It is possible that "infamous" or unprofessional conduct is too rigidly interpreted; that professional interests are too narrowly regarded; but, on the whole, we may say that the powers of discipline conferred by law upon the great medical corporations are not seriously abused. So far as I know, medicine is the only occupation whose "blacklegs" are legally recognised and forbidden to practise. A disbarred solicitor can be employed as a lawyer's clerk. He loses status; he is not absolutely excluded from his profession. But a doctor, once broken on the professional wheel, cannot without risk give advice or prescription for a fee. So far as discipline is concerned the medical organisation certainly exercises self-government to an extent far beyond that of any professional or industrial body. In that direction self-government can go no further. It is when we associate public policy with medical practice that we discover the hiatus between the existing medical organisation and a National Guild.

Let us suppose that our medical service costs the nation £100,000,000 a year. This is paid through three main channels: (*a*) by the State or Municipality, largely for preventive work; (*b*) by insurance societies; and (*c*) by private payments. The tendency in recent years has been to lift the charge from (*c*) and transfer it to (*b*), whilst the preventive work charged to (*a*) has materially relieved the burden upon both (*b*) and (*c*). In addition, our hospitals are almost entirely maintained by voluntary contributions—a shocking state of affairs from every point of view. The Medical Guild will become an accomplished fact when it receives from the State this £100,000,000 upon the terms laid down in its charter.

It is implicit in Guild doctrine that the Guildsman must be maintained in sickness, as in unemployment or old age. Logic and convenience carry us a stage further and suggest that the Guilds should also pay for medical care and treatment. Since the Guildsman's pay is no

longer based upon either a commodity valuation or bare subsistence but upon a recognised standard expressing in material forms the degree of civilised life to which we have attained, it follows, in common sense if not in logic, that the Guildsman's family should equally benefit. This means the dissolution of all existing friendly societies, so far as medical risks are concerned, and the assumption by the Guilds of these and similar responsibilities. It might, accordingly, be argued that each Guild ought to pay direct to the Medical Guild its quota of the annual expenditure upon public and private health. Apart from the fact that public policy must play an important, if not a dominant, part in medical administration, such an arrangement would confuse preventive medicine with ordinary curative practice. Public health is undoubtedly a civil function ; it is evident that it must take into its purview the health of the private citizen. It can hardly be doubted, I think, that events are shaping in this direction. The recognition of trade unions, under the Insurance Act, as friendly societies, paves the way for future Guild liability for medical treatment, whilst, in the case of venereal diseases, the State has been compelled to provide free treatment. If venereal disease, why not tuberculosis ? If tuberculosis, why not zymotic complaints ? If zymotic complaints, why not dental treatment ? Where, in fact, can we stop ? Again, a Guild might reasonably object to a direct charge upon its funds for venereal treatment—a moral issue being raised,—whilst it would gladly pay handsomely for the cure of a consumptive Guildsman. But from the point of view of the public health, it might be (and almost certainly is) more urgent to cure a case of syphilis. We cannot, in fact, distinguish ; it is safer and vastly more convenient to refer the care and cure of all ill-health to the Medical Guild functioning as an arm of the civil administration. Not the least sensible of Chinese customs is the payment to the family doctor only during good health. In our own way we may come to it.

Another reason why medical practice should be regarded as a civil function is that ample provision must be made for research and experiment. There is, for example, the development of orthopædic science. As yet it is in its infancy ; I am not sure if, both humanly and industrially considered, it is not the richest medical legacy bequeathed by the war. As I write, there are at least six orthopædic hospitals, all improvised during the war, treating war victims. Four of these are maintained by the War Office ; one is largely at the cost of a Messrs. Pilkington & Co., of St. Helens ; the sixth has just been organised as a friendly society. Unless these military orthopædic hospitals are retained for industrial cases, the loss will be incalculable. Yet who is there to maintain them unless it be the Ministry of Health ?

There is a curious contrast between our national approach to the problems of education and medicine. The ancient aphorism of a good brain in a sound body is no doubt true enough ; it suffices if we declare that education and health are equally important as social factors, whilst, if the psycho-analysts have substance in their theory, it follows that a closer co-operation between the teacher and the doctor is both desirable and inevitable. Prior to 1870 both were relegated to the family, neither State nor Municipality being greatly concerned. From that date down to to-day the community has decisively intervened in education to such an extent that the overwhelming majority of teachers are now public servants. Intervention in medicine has been much more cautious and tentative, the interests of the family doctor or general practitioner being most carefully protected. Why then were not the interests of the family teacher guarded with equal consideration ? In one respect they were : the great middle and upper class foundations are very much what they have always been, with voluntary—or rather involuntary—developments on the modern side. But " education for the masses " has become a State respon-

sibility and charge, whilst "health for the masses," outside preventive medicine, has been largely left to voluntary effort. From the domestic point of view the man who looks after our health is on the same footing as the man who teaches the children. The State pays one; the family or the friendly society pays the other. Why this difference of treatment? And why the marked difference in social status? The reason can only be that the doctors organised in advance of State intervention and were therefore able to dictate their own terms (notably in the case of the panel charges), whilst the organisation of the teachers has painfully lagged behind State intervention. Thus in science, as in industry, we discover that professional status is closely associated with organisation. But the doctors are now learning by experience that their devotion to *laissez-faire* is gradually placing them in a false position. They must soon choose between service under the friendly societies or service under their own self-governing Guild.

We can now return to our arbitrary estimate of £100,000,000 as the annual cost of the medical service. Under what conditions should this fund be administered? Since the money comes from the State and public policy is involved, it is evident that the State must be adequately represented upon the governing authority of the Medical Guild. But, further, since the funds come from a State levy upon the industrial Guilds, clearly they too must send their representatives. Yet further, if the industrial Guilds are to be represented upon the Medical Guild, reciprocally Medicine must be represented upon the Executives of the industrial Guilds. Nor is this a purely formal arrangement. On the contrary, I imagine the medical representatives upon the industrial Guilds would devote their time and skill to the diseases, ailments, and accidents more or less peculiar to the particular industries to whose Guilds they go as delegates. The functional principle operates. We find, therefore, that the principle of exchange of representatives upon the

governing authorities, already predicated in Guild organisation, is equally applicable to the civil Guilds. We merely give effect to the constitutional doctrine of representation with taxation.

Transitionally considered, the recent organisation of the Ministry of Health, with its collaboration in work of doctors with public servants, may be regarded as a definite step towards a Medical Guild.

II. The Legal Guild

Unlike medicine, which knows neither rich nor poor (whatever its practitioners may do), law must be modified by such far-reaching changes in the foundation of society as are adumbrated in wage-abolition. To lose control of the labour commodity obviously cuts at the roots of existing proprietorship. Law must change its face in harmony with the gathering mastery of Labour over its own activities. From such a revolution emerge new concepts of property, new citizen rights, and a complete reversal of industrial practice. It will be the business of the lawyers to give effect to all this. Their first task would seem to be to codify such law as remains applicable, consigning obsolete law to the lumber-room. Equity will, of course, remain for legal definition. Even the criminal law must be brought into line with the new scheme of life. It is not, therefore, possible to write of the future of law with the same assurance that one writes of the future medical organisation.

There is one important distinction between the medical and legal associations. The bulk of the work, all of it in fact except the dispensary, falls upon the doctor personally ; the routine of legal work falls upon the lawyer's staff, of whom very few are qualified solicitors. The apprentice, no doubt, has his place and his assured future, but the clerks are, after all, only clerks. It is often said that the legal profession is a highly organised trade union ; it is not, because it sweats its employers

in a way no *bona fide* trade union would tolerate. It is really a close corporation. One half of it is purely commercial, actuated by commercial principles, the other half links it up with the judiciary. Both solicitors and barristers are, I think, technically "officers of the court." This brings them under both the jurisdiction and protection of the judges of the High Court, in whom resides the power to strike off the rolls. But the clerical staff remains little more than a group of isolated wage-slaves.

From the Guild point of view these distinctions in status between the professional and non-professional *personnel* are fatal. The essential element in a National Guild is that it shall include all the workers, from the highest to the lowest. In the Legal Guild, therefore, every man and woman engaged on legal work, from the Lord Chancellor to the most obscure clerk, including all officers of the Courts, not omitting tipstaffs and bailiffs, must be received into Guild membership, with rights of maintenance in sickness, old age, and unemployment not less than in the industrial Guilds. The solicitor's clerk, living in skimped and squalid surroundings, with a pathetic pretence of respectability, is a favourite subject of the mid-Victorian novelist, notably Dickens ; *mutatis mutandis*, he persists to-day. If we have eyes we can see him in Mr. Galsworthy's *Justice*, a figure as tragic as the convict himself. The clerk in the Second Division of the Civil Service, financially safe, is miles removed from the struggling lawyer's clerk, with his sleeve-cuffs cut to the quick. Yet this legal serf deals more authoritatively with affairs of life and death than any Second Division clerk. Nor must we forget that the clerical staff in the legal profession probably outnumbers the "admitted" members. It is evident that the existing organisation must be consolidated into a more definite unit before we can contemplate a Legal Guild. Unless this be done before the industrial Guilds come into being, lawyers and their followers may find themselves the pariahs and blacklegs of society.

Of the function of the lawyer in Guild organisation it is impossible to write with any confidence. The immense transactions between the Guilds must involve contracts demanding the help of the legal mind if not of the professional lawyer. No doubt arbitration will to a large extent substitute resort to the Courts. A new body of law must be created for which legal experts will naturally be required. It looks as though each Guild will have its own legal staff, very much as the railway companies and great corporations have them to-day. But they will still be lawyers, with such affiliations as the organisation and practice of law demands. The immediate point is that a profession so partially organised will not meet the Guilds on equal terms: must, in consequence, suffer for a conservatism, which reckons on judicial protection rather than upon its functional value, backed by its organised labour monopoly.

IX

FINALLY, I BELIEVE

In *National Guilds* our theme was simple : to analyse the wage-system, reduce it to its elements, in the process to denounce, as repugnant to human nature and sane living, the commodity valuation of labour : to present in rough outline an alternative organisation, which would enable Labour to function in its true industrial medium and citizenship to find its freedom in a State untrammelled by economic " pulls " and interests. My theme in these chapters has been equally simple : to consider the relations between producer and consumer and their joint relations to the State : to distinguish the economic means from the spiritual end, in the process deducing the sovereignty of spiritual citizenship over the industrial activities, the former expressing itself in a purified State organisation, the latter in the economically enfranchised Guilds. The argument in both these books can be stated in even more explicit terms : it is the cry of the human heart for freedom in the spiritual sphere unvitiated by material considerations, for freedom in industry measured in the natural democracy of functional values. Viewed theoretically, the second part of this book is supplementary. It is a vague and inadequate sketch of certain social and industrial developments, to test the truth of the doctrine in reality. Seldom has the inductive method proved so lacking ; for even in the short space of time taken in the writing, the narrative already lags behind

the accomplished facts. The curtain falls on one *dénouement* after another, is raised again on the drama, falling and rising in such rapid succession that historian and critic vainly strive to keep pace with each new situation staged by an unsleeping Fate. But what is written is written ; the subsequent events do not invalidate its substantial truth.

The simplicity of the argument would prove its undoing did we not hasten to declare that its application to political and economic life is extraordinarily difficult, so beset with obstacles that the pen of the advocate droops in sheer despair. Only a fool thinks he can resolve the complexities of modern civilisation in simple and logical formulæ. In the long run, I do not doubt—it is the first article of my creed—that a true analysis and a reasonable scheme of life will come into their own ; that mankind must ultimately ease its pain in truth and reason. So tortuous, however, is the path our people must tread, so alluring the byways, so perplexing the direction, that our seers are blind and the prophets speak with bated breath. Not for many generations, if ever, has the British nation been confronted with so elusive a problem. Necessity compels it to break with the past, to reconstruct its economy in the midst of a world in part devastated, everywhere impoverished, by the most stupendous war known to history—a war whose effects are felt over the five continents, its reverberations heard across the Seven Seas.

When the links with the past are snapped, we at least know that we must rebuild. But that is not our case. In other countries, the economic mould is broken and life sinks aimlessly in the sands ; with us the mould, if strained, remains intact. Foreign observers comment with surprise upon the tenacity of British capitalism. Our own capitalists, I believe, look to another cycle (perhaps fifty years) of economic dominance. Nevertheless they are putting their house in order with suspicious alacrity. The railway magnates and mine-owners are now thinking

more of compensation than continuance ; they realise that judgment has gone out against them. That sounds simple ; it is not so simple. The mines and railways are jetsam thrown from the capitalist ship, with the requisite quantity of political oil to still the surging waves. Capitalism rather than Labour is the gainer, unless the Guild principle of control marches with each act of expropriation. Clearly the end of British Capitalism is not yet. I think it thrives on the *débâcle* we witness in Europe. "Look on this picture and on that," exclaim its apologists, who are not slow to appeal to the British practical genius with its undoubted fondness for historic continuity. Thus, whilst we must break with the past, its fangs grip and rip each hour of the day. From such an impasse, at once spiritual and material, what liberating principle shall rescue us ? None is known to me save only in a purified citizenship working in harmony with a democratised industry. To that I add that a democratised industry that tolerates the wage-system is a contradiction in terms, a prostitution of democracy. In the midst of much that discourages, with reaction gathering its forces in Parliament and Caucus, in Bank parlours and counting-houses, with the Labour Party sharing, with tragic gusto, in the conventional political stupidities, this faith of the Guildsman carries him on. Sieglinde, so wearied that death were welcome, on Brunnhilde's assurance that she bears in her womb a future world-hero, escapes from Wotan's vengeance, toiling with wounded feet across the rocky slope. In some such spirit, the Guildsman, convinced beyond peradventure that power springs from below and not from the self-constituted leaders of existing society, that Labour lies prostrate, that its industrial shackles must be struck from it, patiently pursues his mission, with invincible faith in the future of a real democracy. If, over considerable tracts of our national life, the ancient landmarks remain, at least the old signposts have rotted away and fallen. It is

the Guildsman's task to replace them. They will point a new way.

The more specific difficulties that bar the progress of Guild doctrine will be found in the persistence of Capitalist ideology after the mechanism of industrial democracy has come into being. The Western European, particularly the Anglo-Saxon, is not by nature contemplative. He eschews ideas for their own sake, seeking salvation in the gospel of material achievement.

> For still the Lord is Lord of might:
> In deeds, in deeds, he takes delight;
> The plough, the spear, the laden barks,
> The field, the founded city marks.

For my part, I do not rate lightly the practical genius that has girdled the globe with the marvels of man's handiwork. The mistake so many idealists make is to assume that there is nothing between the muck-heap and high heaven; that in looking up we can see only the sun by day and the stars by night, blind to great architecture, the conquest of the air, the practical annihilation of time and space. In the production of material wealth, there is ample room for imagination and good motive, untold opportunities for service to mankind. There is nothing despicable, but rather the reverse, in these practical activities, could we but drive the money-changers from the Temple. Nor is there the least reason to suppose that our sons will not achieve even greater things when motived by the sense of public service instead of personal aggrandisement. All these—and more—are implied in the Guild principle of qualitative production. But herein lies our danger; for preoccupation with work of such magnitude may fill our minds to the blunting and blurring of our intellectual apperceptions, the real source of the spiritual life. And if we have not this, how better are we, save in comfort and security, than under the Capitalist régime? But it is precisely comfort and security that Capitalism

now offers to the distracted workers. We may decline because we think, with good reason, that it cannot implement the contract ; our rejection is one of mere mundane prudence, when on such a vast issue our policy should be dictated by enduring principles. For, please note, we have now transcended our own frontiers, and are in touch with other peoples whose views of life perhaps fundamentally differ from ours. These we must meet, not with expediency, but with spiritual understanding. To impose our mechanisms upon others for our own convenience is but a subtle form of exploitation, the persistence of the capitalist spirit. We may with confidence declare that Western Civilisation is doomed unless it explore the realms of the spirit, finding a new perspective of life in all its forms. Its incapacity to encounter the Bolshevist movement with spiritual weapons is a sharp and significant reminder that man does not live by bread alone, neither by bread nor by organisation nor by glorified industry. We must look under and beyond, *sub specie aeternitatis*.

I do not know how far I stand alone in my conception of the spiritual State. No theocracy is intended. The fact that the word "spiritual" is throughout used in its secular sense disposes of that suspicion. The word has an unfortunate history—a bad gift from the Puritans —and a confused meaning. My dictionary in part yields the definition I seek : "of or pertaining to the intellectual and higher endowments of the mind." Yet I would add to that. The pure intelligence does not suffice ; it must be fused with those emotional faculties that flower from the stems of faith and conscience. It is in the fusion or interplay of these qualities that a certain temper of mind is struck, which, given ample room in the body politic, is precious to the community. An old theological writer voices the idea : "God has made a spirit of building succeed a spirit of pulling down." "Spirit," says Locke, "is a substance wherein thinking, knowing, doubting, and a power of moving

do subsist." It is my belief that a civilised people, unless its finer purposes are to be thwarted at every turn, must not only provide the means for the expression of its spiritual impulses but endow them with the only sovereignty worth considering—the sovereignty of mind over matter, the enthronement of reason. It is by some such logic that I declare, without hesitation, for the sovereignty of the State, the spiritual State. For upon what is sovereignty based if not upon authority? And how, amidst the clash of the social forces, can authority survive, unless it be the final court of appeal in the sphere of reason? I entreat my readers to believe that this is not idealism run wild. The French Revolution erected an altar, of its own peculiar design, to the Goddess of Reason. There was, however, a fatal omission: no medium was provided in which the Goddess could function unhampered by the economic factors. All through our history, we have paid lip-service to reason; we have never set it in the way of guiding us. Even now, after our blood and tears, the President of the Final Court of Appeal is Marshal Foch. India, Egypt, Ireland do not find their difficulties resolved, their national aspirations satisfied, in the splendour of that gentleman's martial attainments. The universal assumption seems to be that we must each exercise our reason in our own affairs; that there is no call for the special organisation of reason; that there is no vital distinction between the restricted exercise of reason in the concrete and the exercise of abstract reason in public affairs. Coleridge states concisely that pure reason is the power by which we become possessed of principles. With apologies to Aristotle and Bacon, I know of no other way. In our public life, how can we move unless actuated by principles deduced from pure reason? The Cadi under the palm tree, the village father at the lych-gate, may administer rough justice by empirical rule of thumb; but a nation of forty millions, an Empire of five hundred millions, must be

rationally governed or it will inevitably disintegrate. Where can it discover its rationale unless in Courts where reason is both sovereign and vocal? The spiritual State is not the emanation of a dream; it is the prerequisite to social reorganisation. For if, on the Guild hypothesis, the economic functions are assigned to the National Guilds, it follows that the State must either secure allegiance to its spiritual status or lapse into desuetude: must be the expression of citizenship on a higher plane, or citizenship will lose itself in the distractions of wealth production, the spiritual heritage of the centuries lost for ever in the final triumph of the material forces.

The revolts against the State, now looming up from more than one rebellious group, may be broadly divided into two categories. There are those who contend that the control of industry implies the moulding of public policy. It is the materialist interpretation of history applied to existing conditions. The second category does not reject the idea of the State, but assails its present sanctions. For reasons unknown to me the first group sees in Bolshevism the fruition of its hopes. He is a bold man who writes with confidence upon Bolshevist principles or methods. But, so far as the facts have been disclosed, it appears certain that Bolshevism has failed mainly because it has attempted to combine the political with the economic functions. The results are suggestive. Industrially considered, the Soviet system is a failure. One must recognise that, in any event, it was doomed to fail because it took over a bankrupt concern. But Bolshevist theories were relentlessly applied, the technical and directive classes being dispensed with and degraded. It was not until production had sunk to zero that Lenin demanded the co-operation of the technical groups, and offered them terms. Now in Russia, industrialism is not highly developed, comprising less than ten per cent of the population. It does not possess the highly complex character of Western

industry. Yet it is a pronounced Bolshevist failure. What would have been the situation in Russia had its industrial proportion to population approached or equalled Great Britain's ? One may affirm that there would have been no Bolshevist revolution, or, alternatively, the catastrophe would have been infinitely more terrible. I gather, too, that out of this welter of confused functions the political activities have also proved futile. The Soviet was to be the last word in applied democracy ; three or four men now govern Russia, particularly in its external relations, with an autocratic power at least equal to the last of the Tsarist ministers.

With the second group, led by Mr. Cole, I have considerable sympathy. No Democrat can examine the structure of the existing State without realising that it is a political autocracy backed by a bureaucratic oligarchy, both bound together by tradition, law, and, in the last resort, by military force. The façade of this structure is the Crown and Court. Upon the sovereignty of this particular State, Mr. Cole and I have no kind of quarrel. From top to bottom, its organisation is repugnant to Guild principles. The illicit union (upon which the State levies blackmail) of the political with the economic functions once dissolved, we are faced with the alternative either of the spiritual State, as outlined in this book, or the assignment of special functions to the new State, upon some principle which eludes me. Some surprise was expressed when I declared recently that, in my view, the State, although the dispenser of functions, was itself functionless. I adhere to this view, in the sense that specific functions are assigned to definite bodies and associations ; but that does not preclude the State, as the organ of citizenship, possessing full freedom of movement, itself assuming all or any functions which cannot be assigned to any suitable organisation,—particularly in the case of sudden emergencies : it is undoubtedly the appropriate organ for all emergencies, great or small. I leave the subject

of the State with the simple admission that Guildsmen and other students have as yet barely touched its fringe. Personally, I am content if the political or spiritual State can function independently of the economic factors, except so far as they affect public policy. As for sovereignty, I end as I began : the citizen (voicing his will through the State) must take precedence over the Guildsman. I recognise no other sovereignty.

In these chapters I have tried to maintain the distinction between State and Government. The two terms are frequently so loosely used that they seem interchangeable. They are less interchangeable than "master" and "servant"; they, in fact, connote master and servant. The distinction grows more urgent as sovereign citizenship broadens from precedent to precedent, finally constituting the State, of which the Government is the executive servant. In this connection, too, it is equally important to differentiate the Government from the Administration. The preceding chapters on the Civil Guilds sketch an administration in transition to Guild organisation. Unlike the State, it is throughout actuated by the functional principle. Unless these distinctions are kept carefully in mind, the argument for the spiritual State becomes crooked in outline and difficult to appreciate.

The reactions of the spiritual State upon the life of the community are of immense speculative interest. Assuming the release of the political activities from economic entanglements, that, subject to public policy, State affairs can be arranged on a basis of pure reason, is not the way opened to new conceptions of communal and private life? Shall we not then discover new canons and principles in our relations as a community to other peoples, in our personal relations to each other? Can we not predict with confidence that the habit of reason will induce refinements of thought and conduct? It is, of course, unthinkable that any nation, the British least of all, can maintain a State organisation, set free

to judge great issues on their merits, without vitally affecting the economic life of the Guilds. The man who in his capacity of citizen is trained to decide on the intrinsic right or wrong of a public question is the same man who, as a Guildsman, must, according to his function, decide industrial policy with its inevitable economic effects. Even though he decide these dual problems on different assumptions, he retains but one habit of mind. The one brain reaches a political or an industrial decision : reaches each decision in a different atmosphere and in different associations : is one man with one brain functioning in politics or in the Guilds. He is not two but one. Why, then, it may be asked, these fine distinctions between the political and economic activities, why all this elaboration of the spiritual State ? I answer that I am not predicating an immediate or even an ultimate reign of reason. Life is too difficult and complex. But the very complexities that surround us at every turn compel us to seek some method of systematising our problems : urgently demand the appropriate media in which we shall express our wills and aspirations. Above all, that we must ever distinguish between the economic means and the spiritual ends. Means and ends necessarily react upon each other, even though they are in different categories of thought and action. The tragedy of modern life is that the great mass of mankind is preoccupied with the means of life and not with its purpose.

It is only in this richer conception of life that we shall compass that craftsmanship which to many is the real attraction of the Guild idea. I sometimes fear that this interesting group puts the cart before the horse. Relying upon the precedents of the mediæval Guilds, many of which (but by no means all) excelled in craftsmanship, they seem to argue that we must first recall the craft spirit before we can achieve a definitely æsthetic life. Progress will be found in the influence of intellectual pursuits upon the work of men's hands.

Craftsmanship is not only the child of joy in work, it is equally the offspring of good taste. Good taste, in its turn, springs from habitual touch with truth and beauty, the imponderable fruits of culture. I do not doubt that even now the artisan can make things, from chairs to Guildhalls, much more beautiful if the conditions of his work are rendered pleasurable ; but a limit is set to the quality of the product by the general appreciation of what constitutes fine craftsmanship. Here and there a genius rises superior to current taste, and in doing so may raise the standard of taste and quality in his particular craft ; nevertheless, it is true that, even when the conditions essential to craftsmanship have been secured, the average craftsman cannot rise much beyond the popular level. For the simple reason that he is as his neighbours. Nor can we foresee what the cultured taste of the community will be under a spiritual State, economically based upon National Guilds. I do not think that we shall revert to the mediæval period for our inspiration. Industrial craftsmanship was undreamt of in the days of the mediæval Guilds ; yet it is a very real and enduring factor in our national life. The finest emanations of the mechanic spirit, whilst probably repugnant to the mediæval spirit, may yet conform to a new sense of beauty, yielding joy to the craftsman and pleasure to the community. Nor is it contrary to the craft spirit that commodities—fabrics, boots, engines, bridges, aeroplanes—should be produced by group effort. If certain obvious dangers are guarded against —notably intense specialisation or repetition work— who shall say that industrial, as distinct from æsthetic, craftsmanship is not desirable both from the social and individual point of view ? In these pages, when using the term " qualitative production," I include every type of craftsman, from the artist in colour and design to the artist in mechanical construction, from the product of the hand to the product of the machine. How and in what direction these various types will develop is beyond

our ken. This at least we know : unless we can supplant quantitative production for profit (either for personal aggrandisement or to pay the war debt) by qualitative production for civilised use, we shall be subjected for another generation to economic servitude.

Of the interaction between the spiritual State and the National Guilds, little remains to be said. The entire burden of production and distribution being thrown upon the Guilds and no longer shared by the State, I believe that the heavier responsibilities will meet with adequate response from Guildsmen, both leaders and rank and file. The differentiation of the civil and industrial functions will, we may reasonably expect, lead to finer specialisation of function, with fuller opportunities to every man to exercise his true vocation. If, as citizens, they must cultivate the habit of intellectual sincerity, we may rest assured the same habit will assert itself in Guild administration. The two besetting sins of great organisations are extravagance and vainglory. Extravagance obtains to-day because they who practise it do not pay the price. We may say of every form of extravagance that the classes enjoy it, but the masses bear the cost. In the life of the Guild, the temptation would possibly remain to certain groups. But all extravagance is either feckless waste or ostentation. Would not intellectual sincerity cure the disease, even if the democratic method failed ? In a world where the standards of life tend to approximate, when the community is bound together by equal social responsibilities and universal obedience to functions, natural or assigned, good taste would sternly forbid class, group, or individual ostentation as unspeakably vulgar. Nor need we fear the vainglory that would vaunt the superiority of one Guild over another. Since each Guild would know precisely all it wanted to know of the others, no reason could be found for arrogant or pretentious demands in Guild relations. With all its idealism, democracy is realist. Both in State and Guild,

it will not be diverted from essential truth : will esteem modesty in word and deed : will, by its example, teach an exhausted world that the true regimen needful for recovery is plain living and high thinking.

In all I have written, I have never thought or contended that National Guilds would originate in altruism. All to the contrary ; I believe that they are inevitable, unless economic development takes a turn in some unexpected direction. Nothing is inevitable unless willed ; nor is it then inevitable. But an economic course once indicated with reasonable certainty is only diverted by a supreme exercise of national will-power. The advent and final triumph of the great industry has met with little, if any, opposition in Great Britain. It is, in fact, hailed by the vast majority of thinkers and writers as one of the great world achievements. Its critics have not condemned it *ab initio* ; rather have they urged modifications, mainly in the direction of rendering the conditions of labour more endurable. Their most humane discovery has been the economy of high wages, a point, I think, which the modern classical economists have not sufficiently emphasised. Concurrently, we have had certain social reforms deliberately intended to render the system more bearable —factory regulations, old-age pensions, and, as a war measure, unemployed donation benefits. These social and financial salves notwithstanding, it is now evident that the capitalist system, under the pressure of events, has developed fatal defects. We now know that the wage-system, the foundation of capitalism, has reached its limits ; that production by wagery tends to fall ; that all the emollients have failed to conciliate Labour, which grows more discontented, not, as formerly, decade by decade, but literally month by month. There is no student of industry who, whatever his private expectations, would deny the possibility of a revolution ; there is no man of affairs who would deny that Labour to-day strains at the leash that binds it to the master-class. Apart from

its obvious defects and failures—its shocking treatment of the labour reserve during a century of pitiless exploitation, its arrogant claims upon the State for subsidies of one kind or another, invariably followed by arrogant sneers at the Bureaucracy to which it always appeals in times of difficulty—is there one serious thinker to contend that capitalist production is in tune with the genius of our race, one serious thinker to deny that it is repugnant to human nature? An unbiased reading of our industrial history reveals the tragic story of a people acutely conscious of poison in the body politic, and feverishly seeking the antitoxin. In vain! No anodyne has eased the pain; victory, whether in battle or in the factory, has brought no surcease from misery. Here, indeed, is matter for a Greek tragedy. The false gods, haughty in their seeming omnipotence, relegate the thinkers and teachers to the kitchen to live on the scraps left by courtiers and courtesans. From the Heavens it is suddenly proclaimed that the day of the tyrants draws to its end. Frantic with fear, the false gods rush hither and thither appealing to the wise men to confound the new spirit that would compass the destruction of the doomed order. The seats of learning are scoured for men of weight to come to the dread tribunal to reassure the judges sent from on high. Starved wisdom is ominously silent. Only hoary tradition steps out of the gathering gloom, mumbling the ancient litany to a chorus of homunculi strangely garbed in wigs and gowns. All to no purpose. It is ordained that the oppressors, having by devilish arts dragged apart the workers from the fruits of their labour, and can in nowise redeem their unnatural crimes, must in their shame betake themselves to the Nether Regions.

A judgment of Westbury's was wittily epitomised as "Hell dismissed with costs"; Capitalism, too, is condemned with costs, the monstrous debt due to a community whose labour has been prostituted to selfish ends and reduced to the exchange-value of dead things.

We need not compute the indemnity ; it can never be paid. Better to look to the approaching new order for the recompense of a new life, instinct with new ideas, finer purposes, and other methods. If, in the preceding chapters with all the tedious dialectic from which there is no escape, I have seemed to argue on low grounds and in a minor key, it is not because I do not in my heart and conscience believe that the conception of the new life adumbrated in National Guilds calls for high endeavour and worthy sacrifice. The image is locked in our hearts, whilst the politicians and social reformers—

> Dotards a-dozing at the very nonce,
> After a life spent training for the sight !

—pursue their futile course of compromise and make-shifts. I blame myself more than others if I have been too reticent in boldly declaring my belief that wage-abolition, with its logical sequel of an infinitely more humane structure of society, marks a great epoch in the history of Western Civilisation.

APPENDIX

ON THE REORGANISATION OF UNIVERSITY EDUCATION[1]

By M. W. ROBIESON, M.A.

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The existing relations of the Universities to the State on the one hand and to other educational organisations on the other are neither uniform nor well defined. Since they have come into existence at different periods over a range of seven hundred years, the conceptions of public education which they have been intended to fulfil have diverged even more than their internal structures. Oxford and Cambridge and Trinity College, Dublin, stand apart by themselves ; the University of Glasgow, founded by a Bull of Pope Nicholas the Fifth, still bears some traces of its mediæval origin ; for an explanation of the peculiarities of the newer Irish Universities, reference must be made to certain stormy religious controversies which are, at least, not new ; while most of the modern English Universities betray their later birth in being overweighted with technology. In a city the sociological student can show that the successive stages of its history are in some sense still present. In the same way, the constitution of a University is a complex built up out of adaptations to varying needs, compact, no doubt, of forces which in some

[1] Because of his tragic and untimely death, it was not possible for Mr. Robieson to read and correct the proofs of this original and valuable contribution to University problems. The task was kindly undertaken by his friend and literary executor, Mr. W. Anderson, M.A., of Glasgow University.

fashion work together, but which have never been seen as a whole and seldom considered together in the light of a comprehensive conception of education, much less of the life of the community as a plastic whole. The measure in which this is true of a single University gives us some clue to the extent to which it holds of the system of higher education.

Some attempt to discuss the place of the Universities in a reconstructed educational system is increasingly necessary. About details there will be endless variety of opinion only partly to be unified by discussion. But by the same process we may hope to reach some sort of agreement on principles. I shall begin by stating those which seem most fundamental.

I. No good reason seems to exist for a separation between higher non-technical education and secondary education different from that between primary and secondary. On purely educational grounds no separate authority is necessary, though convenience of administration may make it advisable. The educational process is a whole ; as a single social function it should be in charge of an authority which is also single.

II. Education being a definite specialised function in the life of the community, responsibility for it should be entrusted to those whose profession it is ; in other words, to an educational guild, which should include all those regularly engaged in imparting " civic " education, and should possess a monopoly.

III. The State, the organised association which expresses the spirit of the community, is immediately concerned in education, because through it is developed the civic spirit which it should embody. Hence it is entitled to permanent direct representation on the Educational Guild. The general lines of educational policy must be laid down by the State alone and embodied in legislation and the Guild Charter, which is the warrant entrusting the Guild with responsibility for the functions it enumerates, subject to the fulfilment

of the conditions it lays down. As regards particular questions, the State may have a voice through its representatives on the various governing bodies of the Guild.

IV. The Universities, being the institutions which provide facilities for higher non-technical education, must be parts or organs of the Guild, and subject to its control.

V. The most important line of divergence between types of education is that which divides general or humanistic or civic education, which develops the capacities of the souls of men and fits them to be citizens of no mean city, from technical education which equips them for a trade. That for all men both are necessary is obvious, and need not be argued further. But that they cannot both be adequately cared for by the same authority seems no less clear. I assume, therefore, that technical education will be an affair of the appropriate industry, taking the place of apprenticeship in the ancient craft. The business of the University, on the other hand, is to train men : if professional training enters into it at all, it must be in a secondary fashion. And I propose to discuss later the adjustments demanded by these ideas.

A University, then, may be expected to perform the following functions :

(*a*) To be a centre for non-technical higher education within its own area, accepting full responsibility for it, subject to the general control of the State and of the Educational Guild of which it is a part.

(*b*) To grant degrees, etc., as evidence of a certain minimum level of attainment.

(*c*) To be a centre for research, obliged to give to those capable of it full opportunities and facilities.

(*d*) To be a depository of knowledge at the call of the community, especially on politics, administration, and social life.

Assuming that these are the functions to be performed, we may set down in outline the form of administration

which seems most suitable to a University. It is not possible to do this without making use of some political principles, but what they are should be pretty obvious.

(1) Like any other guild or part thereof, a University should enjoy a high degree of autonomy. Within the limits of its charter, in fact, it should have perfect freedom. In this respect it would resemble a chartered body to-day. But it would be on a considerably greater scale; its charter would be subject to periodical revision by Parliament; and it would be exclusive, as having a monopoly.

(2) As at present, it should control the conditions of entrance into itself, both for students and for its members. This privilege may be expected to become of less importance as the balance of forces in society alters, accompanied with the disappearance of the non-educational forces which at present constantly tend to lower the various entrance standards to professions.

(3) The vital concern of the State with education makes it a civil, not an industrial, guild, and representation on the governing bodies of Universities of the central and local authorities follows as a matter of course.

(4) The adjustment of the relations of the educational guild and of the University to other guilds may be brought about by interchange of representatives on governing bodies, together with an extension of the system of advisory committees. A good enough existing example of the former of these principles may be found in the relation of the Universities to the General Medical Council. Though the latter body has no *legal* representatives on a University, it controls in practice the work of the Faculty of Medicine. No one feels this type of inter-control to be a burden; because it rests on mutual discussion.

Most of the following argument will be concerned with the provincial Universities, as it seems plain that a reorganisation of University education must take these as its basis. To do this is not to overlook the unique

position occupied by Oxford and Cambridge and Trinity College, Dublin, or the value of a great deal in their tradition. What their place ought to be I shall discuss at a later stage. Some explanation of the organisation of the provincial Universities is required before considering in what respects it is defective, in view of the general principles we have laid down, and along what lines it may be corrected.

Like practically all public institutions in Britain, the constitutions of provincial Universities are based on the principle of a fundamental and deep-seated distinction of function and status between the professional staff and the governing body. Though this division holds in all cases, it is hardly possible to adopt short titles for the two, owing to the variations in their designations. Some divergence is also to be found in respect of their legal powers.[1] The rule, however, obtains that in the governing body resides the personality of the University, for and on behalf of which it acts ; while to the body of professors are allocated all matters which may be regarded as purely "academic"—the adjustment of courses, the maintenance of college discipline, the guidance of research, the supervision of the actual work of teaching, the appointment of assistants and demonstrators, and so on. Financial questions are almost entirely reserved to the governing body, which possesses also very large powers with regard to those things which are mainly in charge of the professional body. Courses,

[1] The Scots Universities, though they still remain legally autonomous corporations, have gradually lost the free organisation of their earlier history. The University Court is the governing body ; its powers are practically unlimited, and the Senate (the body of Professors) can appoint only four of its members. The constitution of the provincial English universities places ultimate power in the hands of the Court of Governors, an enormous amorphous body, a place on which can usually be secured by a sufficiently large fee : the Executive Body is the Council, the powers of which are very comprehensive and the academic representation on it small. The Senate (the principal academic body) has a good deal of administrative power, but its acts are subject to review. In the Universities created by the Irish Universities Act of 1909, a system, in principle the same as that holding in Scotland, obtains, with two differences in the direction of freedom : (1) The Senate (the governing body) has no explicit power of review, and probably cannot interfere in certain matters ; (2) the members of the non-professorial staff have a much higher status than in Scotland.

for example, generally require to be approved by it, after the academic authorities have drawn up and passed them. In most Universities, in fact, nothing whatever that the professional bodies do is not subject to revision by the governing body. Occasionally, matters of discipline are entirely reserved to the former ; but experience shows that the peculiar legal powers of the governing bodies render it difficult to safeguard even this right. The significance of this is the persistence of the difficulty which has always been felt in separating off purely academic questions from matters of general University policy. As will appear, I should propose to deal with it by throwing the whole burden on the academic body, inferring from it, in fact, that no such separation can really be made.

Of the subordinate bodies in University administration it seems hardly necessary to say anything. The Faculties are in the main committees of the academic body, though certain members of the staff below the grade of professor may have a statutory right to belong to them. In some Universities, again, the whole question of courses is separated from other academic subjects and handed over to another professional body whose relations with the governing body are immediate. But these are matters of detail. Similarly as regards office arrangements, sometimes of great importance, where there is great variation of practice. The vital principle is that the direction of the University is everywhere in the hands of a body which is predominantly non-academic.

That such an arrangement will seem normal to most people is only to be expected. The analogy of industry supports it. The practice of other educational authorities follows very similar lines. Associations commonly supposed to be very democratic, like consumers' co-operative stores, exhibit the principle in an exaggerated form. If we pass over the cheap reasoning of the business man who sees merely a parallel to his own position as regards his employees, and try to understand

what is the real case which can be made out for it, we find that it comes to something like this. A University, it is argued, is a public institution, supported largely out of public money. Very varied interests are involved in its working. It touches local life at a number of points, and these should all be represented on it,[1] so that it may be controlled in the interests of the community, which must direct what is to be taught, guide the allocation of the funds to the different departments, and look after the adjustment of the competing claims which are inseparable from a complex institution. After all, the primary function of a University is to instruct students, who—or their parents—are entitle to say what they desire to have taught in it. The business of specialised staffs is to teach, to do research, to supply detailed information, and to guide the higher powers. Within their own field, nobody interferes with them. The governing body leaves them alone, provided that they do their work, reserving, of course, to itself the power of hearing appeals and acting in the light of the evidence from any party which considers itself aggrieved. Men of common sense, in fact, must control the expert, who is a notorious fool outside his own borders. Public control of a public institution is the watchword. And support for this view is found in the fact that the Government has never gone so far in the direction of determining what is to be taught in Universities, as it has in the case of more elementary education. That has been left to the wisdom of the governing bodies on the spot, to determine it in relation to local conditions. They are representatives of the central government, and the basis of their power is the same in principle.

[1] In conformity with these principles, on the governing body of a provincial University may be found representatives of the body of graduates. These frequently form a compact, powerful, and reactionary body. Representatives of the City Council: of the academic body (who are always a minority): sometimes of the students: and a certain number, appointed in various ways, who are somehow or other identified with education or public administration. To these, of course, must be added the official heads of the University. The resulting body varies greatly in size, from the thirteen members of the University Court in Scotland to the swollen Councils of the Welsh Colleges.

Though this system is not so bad as the immediate direction of a Government department, as used partly to be the case in Ireland, it is, nevertheless, highly unsatisfactory. A divided responsibility brings with it a constant possibility of conflicting interests, and is followed by an equally constant necessity for conciliating non-academic views or postponing indefinitely much-needed reforms. I ought to say as explicitly as possible that the personal factor enters hardly at all into this question, as it does familiarly into that of a local elementary education authority, where the members are frequently openly antagonistic to the whole cause of education, and petty personal likes and dislikes determine their policy. In a University, on the other hand, you are dealing with educated men on both sides : non-academic members of governing bodies are often men of great attainments and experience and genuine enthusiasm for higher education : while party or merely personal questions are usually marked by their absence. The constant friction which is a familiar feature of provincial college life cannot be got rid of or even much mitigated by any revision of the system of election, because it is not due merely to the wrong men being there. At the bottom it depends on an antagonism between two principles or dominant ideas, each represented by a group. Both are real and both are vital. A satisfactory educational system requires their adjustment, as does also the social life of which they are a part. The failure of existing arrangements is an elementary consequence of trying to make one do the work of the other—an attempt which (so far as it has clear grounds) arises from a mistaken social theory. To correct it is not merely to set free the energies of professional people to do that work which is peculiarly their own ; it is also to excuse various worthy people from the unpleasant task of deciding questions for the solution of which they are not really qualified.

Since the central idea underlying National Guilds

may be taken to be the extension to industry and other social functions of the notion of a chartered corporation which (for reasons which any historian could explain) is present in a modified form in public institutions like Universities ; and since from another aspect it may be regarded as the introduction into industry of the type of status and responsibilities which at present partly belong to professional bodies, which are to that extent free from the wage-system, the general line of argument by which the monopoly of labour-power which is the Guild and the partnership of the Guilds and the State is defended may be expected to involve our present conclusion. For our purposes, however, a different line of approach will be much more effective. We may proceed by trying to discover what function the non-professional governing bodies of Universities now perform which could not equally well be entrusted wholly to their professional colleagues. It may be observed that this is not really a separate line of argument. It should turn out to yield in respect of a department of education the same principles which (it is asserted) hold as regards our economic system as a whole.

In the first place, it may be argued, non-academic bodies decide general questions of University policy on grounds of common sense. The assumption here is plainly that there are certain questions of general policy which can be separated off from academic ones. To this I reply that they are extraordinarily hard to detect. In fact, I do not believe they can be shown to exist apart from (*a*) genuinely academic questions—like the curriculum for a degree,—and (*b*) large questions of educational policy, in which the interests of the rest of the teaching authority and of the community are involved. The non-academic governing bodies can hardly claim specially to be entitled to decide the first. And in claiming to represent the second they have shifted their ground, and adopted the second line of defence. The

first line as a whole, however, suggests, if it does not contain, a peculiarly vicious fallacy, the evil effects of which are more obviously implied in education before the University stage. It is that the work of the teacher is purely routine and largely mechanical. This deplorable idea follows inevitably from a system which boasts that the real responsibility for education is entrusted under it to laymen, in the belief that teachers cannot be allowed to take genuine decisions. The business man, sitting on the local education authority, who engages a teacher thinks of him as he would of a clerk (not a confidential clerk) and pays him accordingly the wages of a scavenger. That this whole conception of education is tragically wrong most of us recognise, if we are decent men. But it is at least as certain that the principle upon which the organisation of our education proceeds implies it at every point and is the greatest obstacle to the appreciation of educational ideas and their translation into practice.

The function of the governing bodies, it may be contended in the second place, is to represent the public interests on the Universities. This argument is often confused with the first. If we distinguish them, it appears to be that the community is vitally interested in the efficiency of Universities and in their relation to educational policy as a whole. This contention is emphatically true, and it is provided for in Guild theory by the representation of the State on the central educational authority and on such local bodies and institutions as seems necessary. But this is a very different thing from the practically complete government of Universities by representatives who may be supposed to be acting in the public interests. The common interest in higher education seems, when we analyse it, to have two elements. The State must be satisfied that the provisions of the charter are observed, which implies that a reasonable degree of efficiency is attained. Secondly, ordinary University and educational administration must bring the Educational Guild into direct touch with other guilds,

especially the Civil Guilds. Naturally, the State representatives will act as liaison officers. But—and this observation is fundamental—neither by the Education Guild nor by the Civil Guilds nor by these two jointly can wide questions of public policy be settled, but only by Parliament and the State.

The questions now left are really technical questions ; and the real and permanent function which non-academic bodies perform proves on examination to be a rapidly vanishing quantity.

The third line of defence is familiar, and is not without foundation. With respect to Universities it is that the non-academic members of governing bodies represent the local interests. The constitutions of most of the modern English Universities can be explained only by supposing that this assumption is valid ; no other reason can be given for the fact that the ultimate authority nominally rests in a huge Court of Governors while the executive power belongs to a Council. We require, in any case, to ask why the local interests should be represented, and whether the just representation of them involves the possession of the powers which those, whose defence it is that they stand for them, actually have. Two elements are included, and both of them are of some importance. In the first place, some members are appointed to represent local institutions like hospitals, whose relation to Universities is very close. It is an example of the principle of interchange of members to which we have already referred, and no remark need be made on it except that, since its purpose is not control but co-ordination, one member is enough. The relation of the local University to the local administrative bodies is covered by this principle. But, secondly, the adaptation of the activities of the University to local needs is an argument we have heard even more frequently. Under present conditions it is apt to result chiefly in attempts to make the University do the work of a technical college ; and in itself I should argue that it is either a myth, or

can be met by the institution of an advisory committee. The principle upon which my whole argument proceeds is that the producer, the craftsman, the professional expert, must possess in his own hands the control over the conditions particular and general of his work ; and this application of it seems essential, and is, besides, justified on its merits. But an advisory committee may have a definite part to play if its function be clearly defined, and it is not merely expected to talk at large. Then there is a reason for its existence, which may occasionally be sufficient. Even under existing conditions, an advisory committee brings the University into touch with certain sections of public opinion. In an Educational Guild, ordinary provision would naturally be made within the guild itself. But for some matters the principle might still be found useful. To advise on public feeling and the common attitude ; to express general views and bring to light unsuspected needs—these are the functions of such a body. About, for example, a particular public examination, there will always be suspicions, which rest on surmise. With the ready provision of information the suspicion will die a natural death, even if the surmise gets the length of expression. Incidentally, such a committee may disseminate among its own constituents an account of the considered attitude of the University. Most of the existing authorities of our Universities could do good work in charge of advisory committees. Only our extraordinary prejudice in favour of local control keeps them where they are.

A fourth set of arguments is quite commonly used. A body of men who are not experts, it is said, are required to settle disputed questions on which there is disagreement in the academic bodies ; having all the facts before them, they decide without bias. This argument appears to me quite aggressively false, and I shall try to show why. (1) It rests on a common error about the settlement of disputes. No doubt, in any such organisation there must be a body which is sovereign in the legal sense.

Being the final body to be consulted, its decision is final ; but why it should consist of non-academic people simply does not appear. (2) The dangerous suggestion is conveyed that the disputed questions which require to be settled by the non-academic body can be judged by reference to a set of common-sense principles, or a code of law. It is not easy, at least, for an academic person, to discover where these mysterious principles exist. We occasionally meet people who pretend to have access to them. Possibly, like the English Common Law, they have their being *in gremio legis*, and are produced from this hiding-place when required. We know, however, that nine times out of ten the questions which go up on appeal are purely academic, and are, as a matter of fact, settled on a more or less imperfect apprehension of technical grounds. And in the case of the one-tenth that remain, by what marking on the door-posts is it supposed that the dispenser of common sense passed over the birthplaces of those who were afterwards to become University teachers ?

On the negative side of this argument I desire to say very little. If it be true that no precise and definite function can be discovered which belongs to the non-academic governing body of a University, we may expect decisions are frequently taken on wrong grounds. Though this varies a great deal from one college to another, no one who knows provincial Universities will deny its prevalence. Sometimes, no doubt, religious difference or political prejudice is allowed to enter ; but, happily, the day for that sort of thing seems to be over. The application of forgotten obsolete standards to present conditions is a much more present evil ; and in view of the fact that unless a man be every day in his own craft he can hardly hope to escape from the insidious conviction that when he knew it it was at its best, this is not surprising. The irritation of one who knows with the outsider, however acute, who just fails to grasp a technical divergence and the relief of discussing it

with a colleague, no matter how opposite in his outlook, we all know. And the constant temptation to unscrupulous or fanatical professors to appeal to the prejudices of non-academic bodies in order to win a victory over their colleagues, is a sufficient condemnation of the system.

The points which remain for consideration are hardly matters of principle, but something should be said about them to avoid misunderstanding. At an early stage of our argument we laid down the principle that civic should be separated from technical education, and the latter handed over to the industrial guilds concerned. "With your reasons for this," it may be said, "we entirely agree, and we admit that its application to primary and secondary education is simple. Even in the latter case some preparation for future divergence can be made by arrangements about optional subjects. In the case of higher education, on the other hand, the principle, we think, either breaks down, or is incapable of application without enormous modification. We find evidence for this view in the history of the development of Universities both in America and in England. The technological side has been enormously emphasised in the newer colleges, and by now the two things seem to be inextricably mingled. On the other hand, if we really mean that professional and technical training is to be under the direction of the appropriate guild, then from the Universities must be taken away to special colleges or technical schools the Faculties of Divinity, Medicine, and Law, and the Schools of Engineering, Education, Agriculture, Naval Architecture, and so on. In the University will be left the Faculty of Arts as its mainstay and prop, together with Pure Science. Only in this way can you avoid the conflict of interests in one body, to which you have rightly referred, between the care for the development of the soul and the provision that technical skill is not wanting."

That this argument is relevant, and attractive by

reason of its simplicity, it would be impossible to deny. It is one of those arguments, however, which seem more important in the abstract than they prove to be in the concrete. The body of education is, no doubt, one, with many members ; and some divisions of it may be fatal, while others mutilate it. Still, it has its natural articulations. Against the argument, and in favour of a development of the Universities which does less violence to their traditional functions and curricula, certain considerations may be adduced.

1. An indication of a sound instinct underlying the present arrangements may be found in the fact that the professions for which relatively technical training is at present provided in the Universities are for the most part those which would become civil guilds — *e.g.* Education, Medicine, Law. These are all public or civil as opposed to industrial services ; more or less directly, they are concerned with public life, and, as professions, they are, in the interests of liberty, organised in guilds. The provision for those proposing to enter such occupation of a course which not merely develops technical skill but induces a wide outlook and permits some appreciation of the unity of knowledge, which should make men philosophers and teach them to be free, is the immediate service of the community. The real division which at present exists in colleges is not between arts and all other students, but between professional and technical.

2. Even though the logical application of a principle demanded it, and the convenience of administration were considerably strained by failure to carry it out, the existing arrangement might still be defended on grounds of the resulting social life. To exclude the Faculty of Medicine, for example, would be to strike a blow at a side of University life which ought rather to be encouraged. In the transitory formative period of professional life that men should mix as much as possible with those going in for other professions, seems an

incalculable good ; and the mere fact that this sort of association has flourished so exceedingly in the past indicates that these faculties are not really purely technical schools. To set up technical schools is for many reasons necessary ; but that they have a narrowing effect cannot be denied. A great part of the tragedy of the teaching profession is, undoubtedly, due to the fact that it has almost always been trained in isolation.

3. The root evil which gives rise to the principle of the separation of civic and technical education is that the two lines diverge, and that one authority, it seems, cannot consult and promote both. Within Universities, even on the existing organisation, the difficulty is not very acute, and with the absence of a non-academic governing body, with its confusion of ideas with principles and prejudices with both, it would disappear altogether. Each Faculty would (as it does now) act as a Board of Studies in its own department ; no doubt, all would come up for revision before a central Board. But—apart from cases due to mere lack of corporate sense—criticism of the curricula of one Faculty by another is confined to problems where joint interests are in question.

4. To extend and develop the existing system in relation to other guilds would be simple enough. Any guild, such as the Medical Guild, would lay down the conditions of entrance to itself (subject, of course, to the general approval of the State). The training given in the Faculties of Medicine in the Universities would naturally reach at least this minimum standard ; for if it did not, nobody intending to enter the profession would take it. The Faculty of Medicine would be in the Educational Guild, or under its control ; it would represent an adaptation on the part of that guild to a need not perfectly satisfied by purely professional colleges. And this, in fact, seems to indicate a very general principle. No school or faculty should be instituted by a University, except to meet the demand

for a type of training so clearly bound up with general civic education that it cannot be fully satisfied by a purely technical course.

We may assume that a division of this kind will correspond to some extent to that between training which, though it may involve much laboratory work and some "workshop experience," is so predominantly theoretical that the practical man (who since he presents a distinct type of mind may be expected to persist in any social organisation) will despise it, and training which, judged by his standards, is sound. In most Universities, the difference is perhaps clear enough. It holds, for example, in medicine, always a rather difficult case. There should be a real difference between the training which is given in a course leading to a University degree in medicine and that provided by a College of Surgeons. We may perhaps express it by saying that, in the former, students are given an education, the main subject of study being the nature of the human organism in health and disease. From the laws of these processes conclusions are drawn as to methods of cure, and the whole is illustrated by numerous practical examples and demonstrations. In the latter, on the other hand, instruction in the art of healing is the first object, and discussion of principles is secondary. Practical skill and not knowledge is the primary aim. And the partisan of the former method may be expected to contend that as the range of medical knowledge continues to expand, a grasp of principles becomes more and not less necessary to the beginner, forming a basis on which experience can build. But no one who knows would pretend that existing University practice is not tending in the direction of making the Faculty of Medicine a purely professional school. This is, no doubt, the natural result of the immense growth of medical science ; but it does not seem to laymen to be the only method of dealing with the situation, and is in any case incapable of being carried to its logical conclusion without disaster.

The Faculty of Law is an interesting and simple case. A Law degree must be preceded by an Arts one, and is itself purely theoretical. With the practical training necessary for a lawyer the University has nothing whatever to do. (For that matter it has very little in the case of medicine either ; but it requires evidence from other bodies of such training.) To the inclusion in a University of a Faculty of Divinity the objection that men's views on theology differ so enormously and vitally seems fatal. But the transference to the Faculty of Arts of many subjects at present commonly included in that faculty is desirable. Hebrew and Canon Law and Church History are subjects of general culture ; and they are not more controversial than, say, Philosophy.

I do not wish to undertake a lengthy discussion of the place (if any) of a Faculty of Commerce. The subject is so disputed that remarks on it would probably comprise more qualification than content. But as a writer who regards the economic structure of society as fundamental can hardly pass it by altogether, I shall content myself with stating a conclusion. In the light of some experience, I am inclined to regard it as, on the whole, desirable. Even under existing circumstances, where attempts to make it work have suffered to an unusual extent from the prejudice of governing bodies against theory, the distinction between a Faculty of Commerce and a business college, or even a "Handels-hochschule," is pretty obvious, while in a society organised on guild lines its function would be much clearer. The theoretical problems of industrial and commercial organisation, of finance and international trade, of the adjustment of supply and demand would require much examination ; and guild administrators who would be called to deal with them in the concrete could scarcely fail to require theoretical guidance. On the other hand, nothing could be more fatal than the prevailing idea that a Faculty of Commerce should specially attend to the economic and commercial problems

of the industry of its locality. If, indeed, it concerned itself with everything but this, it would be fulfilling its own purpose better.

For one of the existing types of college nothing is to be hoped except its speedy extinction. The Training Colleges which now dot the land must come under the Universities and be post-graduate schools. A decent society can hardly permit a profession on which is to be thrown the whole responsibility of education to be the worst paid, the least honoured, and by far the most inadequately trained of them all. And yet, I admit that the two years' course in a local Training College is quite enough for the servant of a local authority engaged for the performance of routine work, which, we know, is all that our teachers of to-day are entitled to be. When they happen to be more, it is not in the bond.

Something, however, should finally be said about federal arrangements. The central idea which we have taken as guide in this discussion is that of autonomy. Various writers on educational reform, the views of some of whom are entitled to respect, have almost gone so far as to suggest that our future Universities will consist of numerous federated colleges of various kinds. "Each University should recognise, and utilise by affiliation, the work done within its area by Technical Colleges and Collegiate Institutions (Colleges of Art, of Agriculture, for the Training of Teachers, etc.), in so far as it is on a University level. This would not only bring about much closer co-operation, but would greatly extend University teaching, and save wasteful duplication of staff and equipment. . . . To assist in the work of co-ordination, a Committee, say the National Advisory Committee, should regulate and control the relations between these affiliated centres and the University itself. . . . There should be representation of such affiliated colleges in all the University Courts."[1]

[1] *Reform in Scottish Education; being the Report of the Scottish Education Reform Committee of the Educational Institute of Scotland*, p. 117.

No one with any experience of University administration has much taste for federal Universities or affiliation arrangements of the ordinary kind ; and this suggestion seems to contemplate an almost indefinite extension of it. Under a properly organised educational system, such as that which I am trying to outline, the most prominent causes of some of these difficulties would disappear. No question would arise with reference to their most fruitful source, the affiliation of Universities and Technical Colleges. More generally, indeed, it would be recognised that the prevailing attempts to bring professional and technical institutions into immediate relation to the Universities not only presents acute administrative problems, but imply a wrong principle. On the other hand, other types of federal organisation exist, for which more, perhaps, can be said. Some of them, it is true, are due mainly to the necessity for devising some working arrangement between institutions which had been brought into existence by a series of policies all equally short-sighted. Another class, again, the mark of which is to maintain a University for the purpose of uniting a number of colleges, may be expected to disappear with some public realisation of the magnitude of a just provision for University education.

A close interrelation of colleges of the same type, it need hardly be pointed out, is an essential conclusion from our whole argument. That is, however, almost utterly different from anything we know at present. For an analogy we should turn to the relations of Faculties within a single University. All the Universities of the kingdom will belong to a single organisation, and among other incidental benefits we may expect a much-needed adjustment of degree standards to one another, together with a common matriculation examination.

There are two existing branches of University work to which I have not referred. I mention them lest it should be assumed that they must vanish in the general

collapse of the old order. The first is the position of a body like the University of London, which grants all its degrees by examination without evidence of residence or attendance at an affiliated college. Though it is clear that such regulations are calculated primarily to meet the cases of people whose present desire for a degree exists because of the extraordinary imperfection of our educational system, no particular reason seems to exist for doing away altogether with this distinctive feature. But the more important function of being the residential University for the London area should be separated from it ; though in the case of the latter, owing to its peculiar history and organisation, the difficulty in respect of the mixture of pure and technical education is perhaps at its maximum.

The other is that adult University known as the Workers' Educational Association. As a permanent means of making that knowledge of liberal studies, for the dissemination of which the University should be a centre, available directly for people who may never have been students beyond the primary school stage, it leaves little to be desired. It would be a mistake to assume that even with a great improvement in the relative attainments of the whole citizen body, the need to which it ministers to-day would wholly pass away. Some desire on the part of members of industrial guilds for theoretical instruction in subjects of vast public importance will always remain, and may, indeed, be expected to increase. The University Extension system cannot face it ; but the democratic highly adaptable constitution of the W.E.A. may serve as a model to which a greater thing than itself may be constructed.

Of all the services which make up the economic life of the community, that of education is almost the most susceptible of guild organisation as an immediate measure. A discussion of transition is, therefore, hardly necessary. The problems which would most of all press for solution arise rather from the reactions of great educational changes

on other services and on industrial life. No matter how inexpensive and easy you make elementary and secondary education, in a society like ours, to say that it gives an equal chance to various sections of the community is flagrantly absurd. A really comprehensive scheme of scholarships on a national basis with the object of ensuring that no child shall be prevented by the poverty of its parents or the obscurantism of local educational authorities from access to educational facilities up to the University stage, is an unquestionable necessity for very many years at least. At the later stages, these should be on a generous scale. We may as well accustom men early to a proper standard of life ; they will be the less likely thereafter to submit to exploitation. Most of us, no doubt, have met men who had taken harm from having too much money. We have all seen infinitely more harm come from too little. For the former there is always the remedy of moral reformation of which we have also heard a great deal, generally with reference to the wrong people.

This discussion has naturally been concerned mainly with administrative problems. Certain wide educational principles are, I hope, evidently implied. Positively they regard education as the training of the capacities of the soul, and freedom as its core. And negatively they altogether decline to admit that anything worth having can be imposed from above. In American Universities, the compelling idea of organisation was more and more tending to reduce higher education to an enormous loose collection of specialisms. A great tradition has preserved our Universities from this blight, though its insidious beginnings could be traced. The demand for technical in place of civic education was one of them ; the growing neglect of the Faculty of Arts was another. No final cure can be discovered without a new birth of ideas, and a still newer belief in them. The problem of organisation is, however, not irrelevant. An educational system—even a system of administration

—is not mere machinery which can be turned equally to the service of every end opinion may happen to suggest. The principle of local external control, which dominates the present system, is responsible for more than half of our educational deficiencies. It substitutes prejudices for principles ; it introduces into education the profit-making standard ; it keeps the teachers of all grades in their places, and by confining them to a mechanical routine deprives them of initiative, and induces them to rule children by fear instead of consent. But it reflects the economic structure. The deadly trail of the industrial system is over it all.

Before dealing with the constructive side of the problem, I ought to say something about finance. This is, of course, the great stand-by of the collectivist ; and responsibility for the superstition of democratic control seems to rest with it more than with any other factor. Two sets of arguments are used—the ethical and the political. The first is capable of very brief treatment. When the public pays the piper, it is said, the public has a right to call the tune ; and it is usually added that this must be a democratic one. To this the short answer may be returned, that the public does not provide the funds. The idea that it does is due to an administrative arrangement which is finally unimportant, but which deceives your democrat. I pass over for the moment the explanation of this arrangement, and state the truth which underlies the objection. If the State is the final possessor of the " material " of education, it is in the position of trustee for the community, and is entitled directly to watch over and represent the common interests. And this I at once admit.

The administrative arguments are a little different. The existing system seems to be partly due to a more or less clearly thought-out conviction that, even if there were no other arguments for it, the presence of business men on the governing body of a University is essential to manage its finance. The implied suggestion that

academic people have no business ability may be passed over with Dr. Johnson's remark—"Ignorance, madam, pure ignorance!" The argument itself simply fails to observe that the methods required for the financial direction of a modern business, even on a large scale, are utterly different from those demanded in the conduct of the affairs of a public institution. One aims at making a profit, and by that test is to be judged. In the case of the other, the notion that financial reward should be exactly proportioned to service rendered would be justly resented. These two, in fact, proceed on opposite principles, and confusion regularly results from trying to blend them.

Even if this be admitted, another argument may be used. You cannot, it will be said, hand over an educational grant to a body of people who must not only allocate salaries to themselves and to one another, but determine the proportions in which it is to be devoted to equipment on the one hand and salaries on the other. With the best will in the world it is difficult to see much of a problem here. A certain educational programme, known in its outlines beforehand, demands an equipment the cost of which can be determined within fairly narrow limits. For certain classes of work, for certain schools, and so on, expenses are pretty well standardised. Representations for increase come up from a group to a local and, if necessary, a central body, each of which has a finance committee. Should the increase seem reasonable, and funds do not permit of it, a larger expenditure on education must be asked for in the ensuing year. In principle the object is to substitute discussion for mere competition in the determination of these things. No reason can be given why in a guild organisation the rule should be abrogated which forbids a man to sit on a committee if and when it determines his own salary. We are apt, perhaps, to forget to what an enormous extent salaries are to-day determined otherwise than by competition. They have, in the case, for example, of members

of the staffs of universities, some relation to the cost of living, and some to a man's status and responsibilities. But we all know that quite other factors make such posts attractive—a high degree of leisure, a social position of a sort, freedom from the wage-system, and so on. In a guild society, indeed, it is unlikely that the remuneration of such posts would be much increased. The community, after all, is still very poor.

I have assumed that the income of an Educational Guild and therefore of a University should be derived from State funds, and some comment on the point makes a convenient transition from critical to constructive discussion. From the point of view of finance, at least, there is an obvious difference between a "civil" guild like the postal service (really an intermediate type) or education or the police and an industrial guild like the transport service, and some analogy to it can be discovered in the existing social system. Sometimes we find this described as the difference between a producing and non-producing guild. Such a terminology is very bad, the fact being that education is productive in exactly the same sense as mining, except that the wealth produced is in the form of services, not goods. The same fallacy is perhaps suggested by referring to the Civil Guilds as spending departments, though for other reasons this terminology is so convenient as to be almost indispensable. Under a guild organisation, of course, our vision would be no longer obscured by the fact that one group of producers was apparently functioning in the interests of the State and the other for private profit. There is no *a priori* reason why a particular occupation should belong to one group rather than the other. The protection of life and property might conceivably be left to private enterprise in a State which preserved a jealous monopoly of the manufacture of snuff and distributed it free to all good citizens. But for ordinary purposes the real distinction is between those services which are paid for directly and in relative proportion

to the individual's consumption and those which are communally supplied and paid for indirectly through taxation. Beneath all these differences is the fact that the life of the community rests on the regular production of goods and services, and that by making them available for consumption and by this means alone can it be carried on. The national income consists of goods and services ; to it contribute equally miners, teachers, textile workers, clergymen, actors, engineers, waiters, and so on. " They also serve who only stand and wait."

The income of the Textile Guild, we may suppose, will come more or less directly from its customers into its hands ; and of it a certain proportion will be handed over to the State as " rent " of the means of production, while the remainder forms the net income of the Guild, available for additions to capital and the pay of its members and other current charges. The difference between this and the Education Guild—if we assume for a moment that all education is free—will be that its income will come to it through the State and will form an item in the annual budget. It cannot be too clearly emphasised that this does not mean that education is a civil charge thrown on the productive capacity of the industrial (productive) guilds collectively. The consumers—in this case the parents—pay for it as really as they pay for the books they buy or for their medical attendance ; but payment is not accurately adjusted to consumption, and is besides indirect.

We may in fact go further ; education need not necessarily be a State charge. The advisability of making it so requires to be established by special arguments. In the case of other services such as police protection, administrative difficulties would be decisive even if there were no other arguments. But the reasons for making education " free " are of a different sort and are pretty generally admitted. On the whole, it seems best that primary and secondary education should be free, though few people would object to a special charge

for special facilities. Technical education ought to have separate discussion under the head of apprenticeship and entrance to a trade. In the case of University education a revision of the present system as regards provincial colleges seems provisionally easiest — the burden of the cost to be borne by the State, together with reasonable fees to be paid by students. To enter into a detailed discussion of the point would hardly be relevant here. The inclusive fee system, it may be said, is for many reasons clearly advisable. And for making the class fees very light and examination fees correspondingly heavy (following to some extent the practice in France and Germany) there is much to be said.

The division of the public charge for University education between the State and the local authority (supposing the latter to exist, say, on a provincial basis) can hardly be considered without raising a parallel question in regard to primary and secondary education, and I do not propose to discuss it here. No matter of principle seems to be involved ; the idea that there is arising partly from the tradition about local control and partly from the assumption that different localities require correspondently different types of University, when all that is meant is that they require different types of technical college.

About finance one further remark of very general application may be made. The prejudice against the management by a civil guild of its own finance is largely due to the confused idea that it will be in a position to determine the amount to be allocated to its own particular service and to interfere with the revenue of others. Nothing could be more absurd. Such questions must be reserved for the consideration of Parliament to determine, in view of the needs of the services and the size of the national income. We must, however, become accustomed to think of the annual expense of University education alone in terms of millions instead of the few hundred thousands we now devote to it ; and we must

keep in mind what this means—not that so much is abstracted from production and devoted to a non-productive service; but that immensely more national energy is directed to the enormously productive work of education, both as regards those professionally engaged in it and those who receive instruction. Certain facilities, at least, must be multiplied many times over, and equally a really adequate livelihood must be provided for University staffs, both for those actually engaged in teaching and those exclusively devoted to research.

So far our conclusion is this. The control of the affairs of a University should be in the hands of its staff, together with representatives from the State, from the Educational Guild as a whole, and from other allied guilds. Something ought now to be said about the duties actually performed by the staff. In itself the problem is simple enough, but it is obscured by historical circumstances. The rule that a non-academic body should govern is universal in provincial colleges; but the degree of autonomy which the staff possesses in spite of this varies enormously. Into such questions as whether the governing body should be the body of professors as a whole or a selection from them made for the purpose, to concentrate the burden of administration, it is unnecessary to enter. But on the organisation of the college as a whole two observations seem essential. The first is that a hierarchy is both unavoidable and advisable. It promotes efficiency and it does not conflict with freedom. As a man learns his craft, his responsibility should grow. The second is a corrective to the over-emphasis of the first. Representation on the administrative bodies should bear some relation to responsibility. Arrangements like those which at present exist in the Scots Universities and elsewhere according to which even senior lecturers in charge of departments have no representation on any responsible governing body should be made rightly impossible. I am aware that there are historical reasons for this scandal

and that probably few can be found to defend it ; it is an interesting example of failure to adapt structure to altered function ; but its psychological effect is none the less deadly. The cure is not to make all University teachers alike, but to allot administrative power in some proportion to responsibility. The future development of the provincial Universities is undeniably going to be in the direction of multiplying the number of lectureships, not the number of chairs. Why should not the title " professor " be reserved for the head of a department, and all lecturers be made members of their respective faculties, with representation as a class on the governing body ? In the same way it seems essential that assistants and demonstrators should be recognised from the beginning as members of the University and be on departmental bodies, if such exist. But these things, after all, are questions of detail. " In these matters," as Plato said,[1] " there is no need to dictate to true men. They will easily find for themselves most of the legislation required."

The machinery of administration is for the most part there already, and very little need be said about it. One of the most striking changes which would be brought about by the reconstruction I have outlined would be that the final decision of vital problems of policy would lie finally with the academic body, and the advantages of this leap to the eye. Most of these questions are as a matter of fact highly technical ; and if an advocate of a change cannot convince his colleagues of it, to translate it into practice is to run a grave risk of disaster. On the academic people must in any case fall the burden of making it work ; and they will not readily load themselves with foolishness. When, in fact, one puts it in this way the absurdity of the present system begins to appear. New ideas in education, ideas which are of permanent value and not freaks, become known first of all in the teaching profession.

[1] *Republic*, 425 c.

Only the desire to prove something else by means of this would induce any one to contend that they are commonly introduced into educational institutions with great difficulty, in the face of professional opposition, by non-academic authorities which have received them gladly. For we know, in short, that the adherents of local control do not fear that in the hands of professors the ideas and methods of the University will become out of date. Rather their dread is lest traditions, social and other, be disturbed in their quiet rest.

It need hardly be pointed out that the principle that education must be a self-governing profession does not involve as a corollary that the University should have no governing body, nor does it imply any theory of primitive democracy and the decision of all questions by voting where it is possible. I have in mind no Soviet, regarding representation as a middle-class prejudice which all good men will abandon in favour of delegacy. In the matter of appointments, for example, beyond doubt the qualifications of a candidate for a vacant post can be estimated more surely by men of the same occupation, for they at least are conscious of all the weaknesses of their craft, which seems essential if they are to estimate its strength. And, again, upon themselves will fall the burden of a blunder, because they will require to endure it from term to term. And I do not wish to refer to the intense devotion to colleges which continues to show itself among their staffs, in spite of the most unfavourable circumstances.

Education, as we have seen, is a civil as distinct from an industrial function. In the main it is a spending department ; it belongs to administration as distinct from industry. While, like other guilds, the Civil Guilds are national in their scope and operations, certain special problems arise in connection with them. The geographical distribution of an industry is relatively given, and there are reasons for it, good or bad. To this the corresponding guild must adapt itself, and in any case it is

brought into contact with its customers through the Distributive Guild. But the non-industrial services directly touch every person in the community, and their administrations must take into account at every point the question of area.

The existing activities of local authorities are an extraordinary medley, and badly require to be sorted out. Many of them, milk supply or tramways, for example, are industrial, and must simply be handed over to the appropriate guild. There will remain a number of others, of which education and public health and general administration are the chief, which will form guilds of their own, determining their own administrative areas, which for obvious reasons should practically correspond with each other and with those of the Distributive Guild. The present areas for local administration are hopelessly confused and imperfect. Even the development of an efficient servile State would mean a clean break with most of them.[1]

The whole problem is rather technical and highly complicated. For our purposes it need only be observed that the county is usually a bad area. It is extremely indefinite ; it has no sort of regular correspondence with natural boundaries ; it is too great for intimate local contact and too small for handling the schemes of those whose horizon extends beyond the nearest hills. For the first of these purposes we require (as in fact we have been learning during the war) the parish, and for the second a province with natural boundaries ; and when we consider educational problems the different functions of the two are obvious. Some of us, it must be admitted, have advocated for educational administration in the case of Scotland the county area instead of the parish. But our purpose there was the mitigation of the evils of local control. Assuming these to have disappeared, the suitable areas can be considered on their merits.

[1 By a "servile State"—the term is Mr. Belloc's—is understood in contemporary discussions any society in which differences of economic status, particularly of employer and employed, are explicitly recognised and enforced as such by law.—W. A.]

That convenient districts may be marked out within the province need not be denied ; but particularly in the correlation of secondary and University education the larger area shows its advantages. At the centre of any " province " should be a large town ; and when we consider even existing conditions in these islands such towns are found to contain a University. There need not, of course, be only one. And in some cases at least there are also colleges, the relation of which to the central University can hardly be settled on general principles, and will no doubt in the period of transition involve an enormous amount of detailed work. It need not concern us here when we remember there will be only one authority and that an educational one.

Pure as distinct from technical education will then naturally lead up to the University which is the head of it, and from the University to various professional schools and post-graduate colleges. To develop the provincial administrative area would be comparatively simple in Scotland, at least as regards education. In the last dozen years such a system has been in full operation for the training of teachers. And the case of Ireland is not much harder. The provincial division obtains in name already ; and in this as in some other matters the rudimentary state of development in Ireland means at least that no complex local administrative organisation must be upset because it is on wrong lines. In England, nominally nothing of the sort exists ; but in practice a provincial University has marked out for itself a " sphere of influence " from which it draws its students, and over the educational policy or development of which it exercises a real and increasing influence. Without a considerable amount of local knowledge, speculation about detailed arrangements is mere waste of time ; but I can see nothing in the nature of the case to present insuperable difficulty.

We must picture then the responsibility for the education of the country entrusted to a profession numbering

hundreds of thousands, organised in provinces defined by natural boundaries, and each containing primary and secondary schools galore together with one or more Universities. To argue from existing conditions is more than usually misleading ; not only do we now possess a system of government in many respects the exact opposite of the truth, but we have unhappily become accustomed to regard our niggardly provision for these services as extremely generous. Our ideas with regard to it must undergo a revolution, really comparable only to our enlightenment when our eyes were opened about the possible cost of a war—another subject on which, we imagined, we required no instruction. From this unexpected outcome of the war there is no escape. Reconstruction schemes, particularly those of a directly productive sort, will be reckoned in terms of so many hours' war. And on this basis their relative cost even when capitalised will be insignificant. Many of us, no doubt, will dislike it, but adjustment of ideas is generally painful. And until a man sees that expenditure on education is productive in the most striking ways, and would be worth while even if it were not, we trust that he will not be allowed to live without disturbance in a modern community. In the four Universities of Scotland there were before the war some eight thousand students ; when we see this number trebled we may be said to have begun. The annual grant to each of the two Universities founded under the Irish Universities Act is at present in the neighbourhood of £30,000. A government which multiplies it by 10 may be said to have some elementary idea of the cost of a decent education policy. The research laboratories of the English colleges are for the most part a disgrace to the wealthy men that rule them. Their own position depends on applied research ; but by what sacrifices has one of them set free a man of genius from the burden of routine teaching ?

For the advantage of the student one revolution in

University practice is so fundamental that beside it all the others are insignificant. The hostel system—or at least the residential system—should be universal. I shall discuss in a moment the special peculiarities of Oxford and Cambridge in our system of higher education ; but as contrasted with a provincial University, or (though perhaps to a less extent) with a Scotch University, a central difference all in favour of the former is the residential system with its enormous consequences. Apart from the social life of a University its academic side falls very flat. The wide expansion of interests and outlook which ought to be the normal consequence of University life is encouraged at least as much (if not far more) by controversy and discussion as by formal teaching. That the latter is indispensable I do not deny ; but its indispensability exhausts its function. Whether a man goes to lectures or not during his course matters very little ; that he should submit himself to some kind of regular instruction seems hardly avoidable ; but that on the material however acquired he should turn the activities of his soul is the object of his presence at a University. And such corporate social life leaves on a man who has lived it marks which he never altogether loses.

The present organisation of the provincial Universities causes them simply to lose all this. A limited group of rather unusual men, particularly in certain colleges, may succeed in overcoming the usual obstacles and bringing into being a curiously intense corporate life. But this type of man would show his talents anywhere ; the ordinary student—about whom, to begin with, we can only say that he is about the average—simply never hears of it. He lives in lodgings, which is probably bad for his body ; or at home, which is certainly worse for his soul. And apart from accidents we cannot be sure that he gets out of it all more than a little information, a degree, and a good deal of weariness.

No cure seems possible for this the glaring defect of

the provincial University, except the residential system. The peculiar form which it should take seems on the whole a secondary question. Some other conditions are primary. One is that the restrictions which are traditional in Oxford and Cambridge—whatever may be said for them where they are—are unsuitable for a provincial University, the students of which should be given every opportunity of mixing in the political and social life of their city. In Scotland this has been a tradition of considerable standing ; and its persistence has rescued many men from death from academic inertia. To those who say that students should not be encouraged to take part in political or religious controversy, I reply in the first place that these are the only subjects really worth discussing, and in the second that since at the student stage opinions on such subjects are in a state of solution from which before long we may hope that a stable but tolerant point of view may be precipitated, the more people of diverse views that are met with the better. The Scotch non-residential system secured this for people who wanted it. Its other advantage was its perfect freedom, which compelled a man to carry his own responsibilities. To carry these advantages over into the residential system does not seem very difficult.

Oxford and Cambridge, as well as Trinity College, Dublin, are integral parts of our existing system of higher education. Something should be said about the function they may be expected to fulfil in a new order. Plainly this should include as much as possible of their ancient tradition. Before the war Oxford and Cambridge had two distinctive features, apart from the residential system which I have sufficiently discussed but which was intimately bound up with the first of them at least, if not also the second. To begin with, they were the training schools of the governing classes, and the introduction into them of all sorts of other people had scarcely done much to alter it. They did not produce this result by seeking for it, but simply by being

what they were. Perhaps it will be so no longer ; for even before the war our business men were growing suspicious and restless. Up to the present, however, this enormous difference of status remains the most obvious mark of Oxford and Cambridge. Trinity College, Dublin, has on the whole the same sort of characteristics, though to give an exact account of them requires a little knowledge of the unique conditions of government in Ireland.

The society which we have in mind throughout this discussion is one from which a governing class in the present sense will have vanished, and with it must go this peculiar class difference. The loss is not great, if we distinguish it from other features of college life which are now bound up with it. The residential system we propose to transfer to the provinces, while the second distinctive mark of Oxford and Cambridge may remain. They were also in a peculiar sense Universities—schools of all the sciences. To a singular extent, especially in all liberal studies, it was possible in them to do really advanced work. Naturally, they formed also centres of research. In precisely the same subjects, however, the curricula of the provincial Universities—owing to their size, their defective staffing and equipment, and the needs they required to satisfy—seldom offered many facilities for either the higher learning or for research, except in applied science. That something of these characteristics will continue to cling to the provincial Universities under the best arrangements seems unavoidable. They will be, in the first instance, teaching institutions giving instruction up to, or a little beyond, the Honours degree standard, and doing this regularly and constantly. But for post-graduate work a man ought to go elsewhere ; and nothing more fitting could be suggested for Oxford and Cambridge than that they should be great centres of post-graduate work. No doubt this involves a considerable alteration in their character, but it continues their tradition.

If we consider the purpose of much post-graduate work as it is done at Oxford and Cambridge now, the continuity appears in another aspect. The men who come to them now are for the most part about to devote themselves to pure scholarship, or to become public men or administrators, and their descendants may be expected to follow them. Oxford has occasionally (not without reason) tended to regard herself as a school for statesmen; and what she has been in effect she may become in reality, ministering to a new conception of what statesmanship is, a conception which is higher and not lower. In a new society, to fit themselves for the high administrative posts in all guilds and for most posts in the civil guilds, men will require a long training which is not technical. In the same type of college we may find a place for the pure scholar; though why the idea of pure scholarship should be absent from any University does not appear. Certain subjects, however, are in their own nature so remote and specialised that the pursuit of them can never be general; and yet upon them on occasion there may depend almost anything.

The application of such ideas as these would, it must be admitted, transform the spirit of Oxford and Cambridge. A transformed society, on the other hand, is precisely what we hope for. A certain air of distinction, no doubt, would pass from the face of these cities; but it is a distinction the obverse side of which can be discovered also within their walls; and is evil enough.

To Trinity College, Dublin, the same remarks apply. No fate finally more fitting could be found for that storm-centre of Irish educational controversy. In the case of higher and post-graduate studies the religious difficulty, so far as it concerns the internal management of a University, is largely absent. The Irish University problem as a whole contains, in fact, nothing peculiar —nothing, that is, which is not a direct consequence of difficulties in devising a workable system in the primary and intermediate stages. Fundamentally, of course,

they concern religion. The adoption of guild principles would mitigate but not solve them. To the ordinary educational reformer they present an obstacle which he is never allowed to forget but which he as regularly consigns to perdition. But we may console ourselves with the reflection that it will at least effectually preserve Ireland from the tyranny of local control. In the Universities the avoidance of the religious difficulty by the Act of 1909 seems to be quite successful, and in certain districts of Ireland at least there is a genuine desire for higher education. The provincial Universities, which have their own function to perform, cannot include the whole of University education. The Irish tradition is closely allied with some continental Universities in respect of post-graduate work, and we may suppose it will not die out. But even its encouragement does not exclude the provision within the country of facilities for such work.

The situation in Scotland seems peculiar only in one respect. Its administrative problem is comparatively simple. For real post-graduate work, however, its students have been accustomed to proceed to England or abroad ; and I, at least, see no reason why they should not continue to do so, Scotland being now for all practical purposes a part of England. But should national sentiment require it, it would be a small matter to establish a college of that type in Scotland ; though it would be more difficult to furnish it with a tradition, such as it had in the eighteenth century. Something might, however, be done by the reconstruction of St. Andrews.

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